



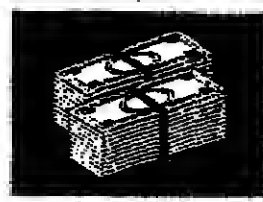
Henry Granfield
S.G. Warburg's
doyen at 90
Interview, Page 15



Family companies
Lay down rules to
minimise conflicts
The growing business, Page 15



Window on the world
Interactive services
PCs have upper hand
Technology, Page 15



Today's surveys
German banking
Computer industry
Separate sections

FINANCIAL TIMES

Europe's Business Newspaper

TUESDAY MAY 31 1994

D8523A

Schneider probe broadens after second arrest

The Belgian investigation into Didier Pinau-Valecienne, chairman of France's Groupe Schneider, broadened with the arrest of an Italian businessman as part of a fraud inquiry involving Belgian subsidiaries of the electrical engineering company.

Belgian justice officials said that Valentino Foti had been detained on the same charges as Mr Pinau-Valecienne. The Schneider chairman, held in a Brussels prison since Friday, is charged with fraud and falsification of accounts following an investigation triggered by complaints from minority shareholders in Cofibel and Cofimines, Belgian subsidiaries of the French company. Page 16

IBM aims to unify software development



International Business Machines is realigning its worldwide software development operations following a management review ordered by chairman and chief executive Lou Gerstner (left). IBM, which spends about \$1bn a year developing software, plans to co-ordinate efforts behind a set of technologies called "Workplace". The shift is part of Mr Gerstner's plans to unify IBM's product development. Page 17

Mediobanca chiefs under investigation
Four senior executives of Mediobanca, the Italian merchant bank, were told they were under investigation by Ravenna magistrates for alleged irregularities in their role as advisers to the collapsed Ferruzzi-Montedison group. Page 17

Nikkei reaches 1994 closing high
Markets in London and New York were closed yesterday, but in Tokyo, foreign buying of heavy industrial shares helped push the Nikkei average up 61.81 points to a 1994 closing high of 20,833.97. Friday's closing share prices for US and UK markets were published in the FT on Saturday and yesterday. Page 17; Lex, Page 16

Japan's steelmakers under pressure
Japan's steel industry, severely squeezed by recession and fierce price competition, faces demands from the country's carmakers to reduce prices for sheet steel. Page 20

UK may stem import of construction steel
Regulations to stem imports into Britain of cut-price subsidised construction steel, mainly from Italy and Spain, are being considered by the UK government. Page 16

British industry told to embrace Europe
Business leaders call in a letter to the Financial Times today for British industry to "stand up and be counted" in the forthcoming European elections. "The silent industrial majority must make its voice heard above the political bickering," they write. Page 14

Russia demands veto on Caspian oil deals
Russia demanded the right to veto Caspian Sea oil projects that its former Soviet neighbours are negotiating with western companies, a move which could undermine some of the world's largest energy deals. Page 2

Poland to keep tough banking rules
Poland's central bank intends to maintain its tough licensing policy for domestic and foreign banks, making it unlikely that Chase Manhattan and Deutsche Bank, which have applications pending, will be allowed into the country in the near future. Page 16

Japanese chip makers to boost capacity
Japan's six leading electronics companies plan to increase investment in semiconductor making capacity by 15.3 per cent to a combined ¥461bn (\$4.38bn) in the year to March in response to a surge in demand for personal computers in the US and Japan. Page 6

Total sees room for profits growth
French oil group Total expects half-time operating profits of about the same level as the FF13.48bn (\$591m) recorded in the first six months of 1993, but says it has room for increased production and improved productivity. Page 21

Inco agrees terms with unions
Inco, the western world's biggest nickel producer, has signed a tentative three-year labour contract with almost 7,000 workers at its Ontario operations, averting a strike which was due to begin tonight. Page 20

UN set to harden stance on N Korea
The United Nations Security Council is today expected to discuss North Korea's refusal to let international inspectors examine fuel rods being removed from its nuclear reactor. The US is threatening sanctions, but China is warning against punishment. Page 16

Suez in property deal with Unibail
French financial and industrial holding company Suez is selling a large part of the property assets of its Compagnie Foncière Internationale property subsidiary to Unibail, the property management group, for between FF13.2bn and FF14.4bn (\$570m and \$712m). Page 17

Saga lifts profits
Saga Petroleum, Norway's biggest independent oil company, lifted pre-tax profit for the first four months of the year to Nkr636m (\$89m) from Nkr640m despite lower crude oil prices. Page 18

Andean Pact tariff agreed
The five countries of the Andean Pact have agreed to a common external tariff, 25 years after formation. Page 6

Brussels bowed to lobbying to clear textile plant aid

By Guy de Jonquieres and Jenny Luesby in London and Lionel Barber in Brussels

The European Commission overrode strong objections from its own officials earlier this month in approving a £61m (\$90m) UK government grant for a Belfast textiles plant to be built by a Taiwanese group, two of whose top managers have been charged in connection with an alleged share fraud.

The £157m project, the largest

industrial investment in Northern Ireland since the De Lorean car venture which collapsed with heavy losses in the early 1980s, has been backed by heavy lobbying in Brussels by British ministers, MPs and MEPs.

According to senior Commission officials, one unnamed minister told Mr Karel van Miert, the competition commissioner in charge of vetting the project, that failure to approve it would have political consequences in London as well as in Belfast.

The plant is to be built in a political stronghold of the Ulster Unionist party by a Malaysian division of Hualon, a Taiwanese conglomerate. Last year, votes from Ulster Unionist MPs enabled Mr John Major to keep the Maas-tricht treaty alive when a minority faction in his own Conservative party rebelled.

Mr Oung You-ming, chairman of the division, jumped ball and moved to Malaysia in 1991 after being charged by Taiwanese authorities with breach of trust

in a stock market scandal that led to the resignation of a Taiwanese cabinet minister. Mr Oung Ta-ming, his brother, who heads the Hualon group, has been convicted on the same charges and sentenced to three-and-a-half years in jail. The sentence was reduced on appeal to two-and-a-half years. Mr Oung is appealing against his conviction before Taiwan's supreme court.

Northern Ireland's Industrial Development Board, which handled negotiations on the project

and is due to sign a contract with Hualon on June 9, said it knew of the investigations into the Oung brothers and of their outcome.

The IDB said it had not met or talked to any Oung family member involved in the court cases. It said it had "a well-established procedure for assessing all relevant aspects of any project and its promoters".

Mr Clifford Forsythe, Ulster Unionist MP for South Antrim, where the plant will be built, and Mr Jim Nicolson, Northern

Ireland's Ulster Unionist MEP, said the IDB had never told them of the allegations surrounding Hualon and the Oung family.

"I was not aware of any of this... and I have never heard anyone mention it before," Mr Forsythe said yesterday. "In any of these situations you expect the government department responsible to look at the situation very carefully."

Continued on Page 16
The Hualon project, Page 8

Shake-up of Europe's labour market urged

By David Buchan in Mulhouse

Europe should reduce labour market regulation, link pay to productivity, and lower barriers to cheap imports in order to increase competitiveness and cut chronic unemployment, a Franco-German study says.

The release of the report, prepared for the German and French governments in the run-up to their year-long "co-ordinated" presidency of the European Union, coincided with the first day of a two-day Franco-German summit in the French border town of Mulhouse.

The report was issued by the economics ministry in Bonn and was welcomed by Mr Gunter Rexrodt, Germany's economics minister, as showing a high degree of agreement between Germany and France on structural reform.

He described it as "a major contribution to joint initiatives to solving employment problems in Europe during the forthcoming German and French presidencies of the EU."

However, Mr Edmond Alphandery, France's economics minister, appeared to distance himself from the report, saying it was provisional and did not commit his government.

Germany takes the EU presidency in July for six months and will be followed by France, prompting the two countries to co-ordinate their agendas over the next year.

When Mr Jacques Delors, the European Commission president, attacked Mr Rexrodt in Brussels earlier this month for his labour deregulation ideas, France did not take sides. Yesterday, Mr Rexrodt appeared to want to give the impression that France had now lined up alongside with him.

Though commissioned by both governments at their Beauséjour summit a year ago, the joint study was headed on the German side by Professor Johann Eekhoff, number two to Mr Rexrodt at the Bonn economics ministry, and, on the French side by Mr Roger



Chancellor Kohl (left) and President Mitterrand arrive for the 53rd Franco-German summit

Germany aims to privatise military support Page 2
European election campaign Page 4
Lex Page 16

Fauroux, a former industry minister in the socialist government. In a separate communiqué, Mr Edmond Alphandery, French economics minister, and Mr Theo Waigel, German finance minister, hailed the prospect of low inflation and rising growth rates in their two countries, and said "the recovery ought to be accompanied by measures favouring more flexibility in the labour market".

The Franco-German report acknowledges the two countries have different employment weak-

nesses. Germany's drawbacks are said to include high wage costs, short working hours and products too complex for customers' needs. France suffers from too heavy a social security burden on companies that invest too little in research.

However, the study says both countries suffer from "far-reaching labour market regulation, insufficient training and retraining... and lack of wage differentiation". It recommends:

- Reducing regulation, "above all in services, and promoting new companies and technologies, instead of subsidising outdated structures".
- Basing wages policy on productivity, introducing more flexible working hours and "reviewing rules governing dismissals".
- Regarding cheap imports from

east Europe as a potential benefit rather than a threat, because they "lower production costs". While most of the report's conclusions would seem more painful for France than Germany, the study would not be without consequence for Germany which, it is noted, has even more inflexible working hour rules than France.

Italian right snubbed by EU minister

By David Gardner in Brussels

Neo-fascist ministers of Italy's new government coalition made their first appearance on the European political stage yesterday and found that hands were not extended in welcome.

The Belgian telecommunications minister, Mr Elio di Rupo, refused to shake hands with his Italian opposite number, Mr Giuseppe Tatarella.

Mr Tatarella is one of five Italian ministers from the right-wing National Alliance, and one of three from its neo-fascist core, the MSI, two of whom made their debut at the Council of Ministers in Brussels yesterday.

Mr di Rupo, a rising star in Belgium's socialist firmament, and whose Italian father came to Brussels after the second world war, broke all the club rules on welcoming newcomers to the EU Council, and underlined it by issuing a statement.

For the first time in the history of the European Community and Union, he said, the Council counted among its members the representatives of an "ideology that has been condemned for ever".

Discomfiture about the neo-fascist presence is widespread, although few senior officials or ministers are prepared to discuss it. Officials from Germany, Spain, Greece, and Portugal in particular say that they fear it might make fascism respectable in their own countries once again.

Meanwhile, the European parliament's dominant socialist group has voted not to work with the Italian neo-fascists.

Yesterday, the Danish Social Democrat telecommunications minister, Mr Helge Mortensen, admitted under questioning that he, too, had not seen fit to shake hands with Mr Tatarella, because "I did not find it suitable".

Mr Tatarella was not unprepared for his reception. He observed to Mr di Rupo that it was Benito Mussolini's regime in Italy which had first abolished the handshake - in favour of the Roman-style fascist salute.

The current Greek presidency of the EU calmed the waters by issuing a bland declaration on democratic principles. Among the larger member states there was mostly silence yesterday.

But Mr Alain Juppé, the French foreign minister, said two weeks ago that the inclusion of neo-fascists in the new Italian government would require "vigilance".

Mr Douglas Hurd, the UK's foreign secretary, said at the same time that his government "had no reservations about working with the Italian government".

He said the government had looked into the extreme-right ministers' "proposals", examined them "as individuals", and considered "the posts which they occupy".

"I'm sure there will be no difficulty in collaboration between Britain and Italy," Mr Hurd said.

Britain close to victory on opting out of labour law

By David Goodhart in London

The UK government is on the verge of winning an important policy reform from the European Commission over limiting the scope of European labour legislation in the case of the contracting-out of public services.

The victory would come at a useful time for the UK government, just before the European elections, and would offer some evidence that the European Union is moving to accommodate the UK's deregulatory approach on employment issues.

The government has been lobbying in Brussels for several months to exclude contracting-out from the European Acquired Rights Directive (1977) - known in the UK by the acronym Tupo - which protects the jobs and conditions of employees when the

undertaking they work for changes ownership.

The UK government has faced strong opposition from the social and employment affairs directorate general in Brussels and from the European trade union movement. But it has won support from the governments in France and Italy, which are both focus-

ing on reform of the public sector.

More decisively, the German government has swung its weight behind reform of the directive after a recent ruling from the European Court of Justice, involving a German insurance company, which said that a single woman cleaner should be covered by Tupo.

The belief among UK businesses that Tupo does apply to many cases of contracting-out has impaired the government's

programme of encouraging the public sector to contract out services to private companies, and it has reduced the expected savings to the exchequer.

There has been much legal dispute in the UK over what kind of business undertaking is covered by Tupo and how much of an employee's pay and conditions should be transferred. However, the courts, most recently the Court of Appeal, have often sided with the trade unions, which have argued for the widest possible application of Tupo.

The UK government has been arguing that Tupo should be amended to make clear that it applies only to whole economic undertakings, rather than to individual activities, such as cleaning or catering, within such

Continued on Page 16
Editorial Comment, Page 15

First to arrive
the least hassle,
three times cheaper

Management Today on Swiftair versus the top international couriers.

The test was to Tokyo, and our rivals included DHL, TNT, UPS, FedEx and Securion. At only \$9.05 versus the couriers' £27-£35, the Swiftair package not only reached us destined recipient first, but did so at a fraction of the cost. So why pay three times more for a courier?

Management Today certainly couldn't think of a reason to. Swiftair had proved "more efficient than the couriers with their snappy slogan and bright logo" and shown that "price is often not a fair indication of efficiency."

Source: Management Today, April 1994 issue.

Return coupon to: Swiftair, FREEPOST, 17 Fenny Way, BASILDON, Essex S61 4BR.

Now we'd like you to put us to the test. Simply complete and return this coupon, and we'll send you a free Swiftair package that you can send free anywhere in the world.

Name _____
Address _____
Postcode _____ Tel _____



Swiftair
EXPRESS AIRMAIL

Austria	Sch32	Greece	D850	Lat	LF65	Qatar	QH130
Bahamas	Dm1.20	Hong Kong	HK\$18	Malta	LM100	Singapore	SG\$120
Belgium	BF335	Japan	¥118	Spain	SP\$100	South Africa	SA\$100
Bulgaria	LV20	Lebanon	LB\$10	Switzerland	CHF100	Sweden	SE\$100
Czech Rep	CZ\$10	Norway	NOK10	Taiwan	TW\$100	Turkey	TL\$100
Denmark	Dm15	Poland	PL\$100	UAE	AE\$100		
Egypt	E\$20	Romania	RO\$100				
Finland	Fm12	Saudi Arabia	SAR100				
France	FF\$100	Slovenia	SL\$100				
Germany	Dm120	Slovenia	SL\$100				

News	2-4
International News	2-4
UK News	7-9
European	10
Weather	10
Lex	16
Features	15
Editorial comment	15

Letters	14
Management	16
People	17
Observer	15
Technology	19
FT Law Report	20
Art	21
Int. Arts Guide	23
Crossword	28

Companies	18-21
PR Companies	18-21
UK	22-23
Markets	24
FT Stock Analysis	24
Foreign Exchange	25
Gold Markets	26
Oil Markets	27
Govt Bonds	27

Managed Funds	25-27
Money Markets	25
Recent Issues	25
Bourses	26
Surveys	28
Computer Industry	28
Common Finance	28

NEWS: INTERNATIONAL

Brussels to reformulate social policy

By David Gardner in Brussels

The European Commission is looking for "a new balance between what is economically necessary and socially desirable" in formulating a social policy for the next decade, according to Mr Padraig Flynn, social affairs commissioner.

There is likely to be less Euro-legislation, and less focus on labour law, the main area of controversy between the UK and its partners and between employers and trade unions.

The emphasis will be on "the quality, not the quantity of our leg-

islative action", and on improving labour conditions through higher productivity, the commissioner forecast, as Brussels finalises its preparation of a new White Paper on social policy for July.

"We are looking for new ways to reconcile the twin objectives of economic growth and social progress - a new European model," Mr Flynn said.

Winding up a three-day seminar on Saturday in preparation for the White Paper, he rebuked those who saw competitiveness purely in terms of lower labour costs.

"We need to recognise that, yes,

wealth creation is essential to pay for social progress, but also that the social environment is an integral part of the competitive formula," Mr Flynn said.

"The fixation of some with the labour cost side of the equation is one-dimensional," he added. "What counts is productivity, and the social environment... is a key factor in determining that."

He said he hoped that the Commission's revamped directive for elected works councils in large trans-European companies - opposed by the UK and criticised by Unice, the Euro-employers' lobby -

would be adopted by EU social affairs and labour ministers on June 22. The directive would not in theory affect companies in the UK, by virtue of Britain's opt-out from the Maastricht treaty's social chapter. But Mr Flynn nevertheless looked forward to a period of consolidation to follow the already flagging activist phase of EU social policy, to cover the jobless as well as those in work.

The top priority would be job creation, and Mr Flynn called for the pursuit of higher labour standards through a new commitment by both sides of industry to "high productiv-

ity, high quality, and high value added".

But he underlined that the European Union remained committed to "a level playing field of agreed minimum standards" for workers, as the corollary to the Single Market and fair competition within it.

Attempts by the UK to dilute that would be resisted, he warned. "If we cannot progress as 12, then we will be obliged to progress as 11 rather than stand still or move backwards," he said, citing as an example the works council directive - the first measure under the Maastricht social chapter.

Employers protest at EU subsidies for trade unions

By Lionel Barber in Brussels

In a move which points to a growing divergence between business and organised labour, Unice, the European employers' federation, has called into question the principle of subsidising the European trade union movement through the EU budget.

Mr Zygmunt Tyszkiewicz, Unice secretary general, raised the issue of union funding during a weekend speech in which he also called for a shake-up of the European Commission to correct alleged pro-union bias in preparing EU legislation.

He told a Brussels conference on the future of European social policy on Saturday that business was concerned about the level of subsidies for trade union activities, much of which was earmarked by a sympathetic European Parliament. "Employers don't believe that balanced support exists," he said.

Unice has identified Ecu26.46m (\$30.6m) in direct subsidies for the European trade union confederation (ETUC) and closely related bodies in the 1994 EU budget. Though the money represents only a fraction of the annual Ecu700m budget, Unice is pressing for greater transparency

in the allocation and use of funds. The employers' federation is focusing on the Ecu17m set aside for unions ahead of the Brussels directive on works councils expected to pass into law this year. The money is to help trade unions to put in place new systems of information and consultation at company level.

Unice officials dismissed the notion of criticism as unwarranted, noting that large European companies get far higher subsidies through funding of research and development and other areas of the EU budget.

Unice's challenge marks a new time of attack in its campaign against the works council directive, which it regards as unnecessary Brussels-led interference in the management of individual companies, threatening to set back efforts to improve competitiveness.

The directive requires companies to comply with minimum requirements on consultation with elected works councils, but only if the company has at least 50 employees or 100 employees or their representatives in at least two member states. It is expected to pass into law later this year under the German presidency.

Telecoms ministers in deregulation talks

By Emma Tucker in Brussels

Europe's domestic telephone users could soon have access to an alternative universal telephone service if ambitious European Commission proposals to liberalise mobile telecommunications and cable infrastructure networks succeed.

The plans amount to the creeping deregulation of voice telephony for households well ahead of 1998, the date set by the EU for the break-up of monopoly control over the continent's public telephone services.

These and other issues will be discussed at a meeting of telecoms

ministers in Brussels today, amid growing impatience from Europe's leading electronics companies that liberalisation is not proceeding quickly enough.

Last month the commission published a green paper on mobile communications intended to open the development of the mobile sector towards the personal communications mass market.

Europe has only about 8m subscribers to mobile cellular telephones, but this figure could rise sharply if the opening up of the mobile sector is accompanied by liberalisation of other telecommuni-

cations infrastructures, such as cable TV networks.

In a deregulated market there would be nothing to stop mobile and cable operators joining forces to offer - particularly in highly cabled countries such as Belgium, Germany and the Netherlands - an alternative to the existing universal domestic telephone service.

Although senior commission officials privately acknowledge that telecommunications markets are overvalued, the agreed EU timetable for dismantling barriers in European telecoms markets, they are not prepared to expend the political

capital that would be required to dismantle the 1988 deadline.

But in a report to be presented to telecoms ministers at today's council meeting, heads of Europe's leading electronics companies are expected to argue that the EU should set precise targets for speeding liberalisation.

Mr Karel Van Miert, competition commissioner, has publicly thrown his weight behind a full and speedy liberalisation of Europe's cable television infrastructure. However, his plans may be scuppered by those member states wary of the political impact of early deregulation.

The companies behind the report - Siemens, ICL, Philips Electronics, IBM Europe and Cie des Machines Bull - are part of an EU advisory group on information highways. They have been charged with proposing a strategy for developing pan-European computer and telecommunications networks as part of the EU's broader effort to boost economic growth.

The report is likely to intensify debate before the summit in Corfu next month, when Mr Martin Bangemann, industry commissioner, is due to present it to heads of state.

Italian tax plan aimed at cutting unemployment

By David Lane in Rome

The Italian government headed by Mr Silvio Berlusconi is expected to approve a package of tax measures at the end of this week. Tax exemption of reinvested profits and fiscal incentives to encourage new car purchases, along the lines adopted in France, are among measures being considered to stimulate the economy.

During the campaign for the elections at the end of March, Mr Berlusconi promised to tackle the problem of unemployment and create a million new jobs. This week's tax package will reinforce decrees issued last Friday that seek to boost employment.

Italy's construction industry, badly affected by the recession and the effects of the *tangentopoli* (kickback city) corruption scandal, may be helped by a decree that suspends the Merloni Law until the end of this year.

The Merloni Law, which came into force at the beginning of March, establishes a new and transparent framework for awarding and overseeing public works contracts.

The new government believes the law has put a brake on public works, and intends to introduce modifications. Meanwhile, it hopes the law's suspension will have a rapid impact on activity and employment in the construction sector, with around 160,000bn (\$38bn) of contracts being given the go-ahead.

A second decree eases regulations covering the hiring of staff. Only businesses with payrolls of less than three had been allowed to hire directly, all others being required to

obtain staff through state employment exchanges. Now businesses with up to 15 workers may hire directly, though this relaxation does not apply to farming.

Mr Berlusconi's government has said it wants to reduce rigidity in the labour market and thereby encourage the creation of new jobs. It is expected to follow Friday's decree by introducing measures covering part-time and fixed term contracts.

Unemployment is particularly high among young Italians, and Mr Berlusconi's government seeks to reduce it by stimulating the establishment of businesses by young people. A decree allocates L500bn for incentives, L100bn this year and L200bn in each of the next two years. The incentives will be available in depressed areas throughout the country.

The body managing this programme will be transformed into a joint stock corporation whose scope will be the provision of services to small and medium enterprises. It will have share capital of L10bn, held by the Treasury, and take stakes of up to 10 per cent in the equity of businesses.

The package announced on Friday includes a decree to release funds to businesses in southern Italy that have been waiting for payment of regional development grants already approved. Although about L2,000bn will be released to about 2,700 businesses, a further 13,500 businesses will still be waiting for payment.

The Bank of Italy on Friday relaxed reserve requirements, reducing the marginal rate of obligatory reserve from 17.5 to 15 per cent from mid-July.



A man looks at a grave marker in a military cemetery near the D-Day invasion site of Omaha Beach in Normandy. The 50th anniversary of D-Day, when allied troops invaded continental Europe, falls on June 6.

Germany and France plan to co-ordinate EU presidencies

Leaders of Germany and France will meet today to move their traditional European partnership into even higher gear to co-ordinate their successive presidencies of the European Union over the next year.

At their two-day meeting in the border town of Mulhouse, Chancellor Helmut Kohl of Germany and President Mitterrand and Prime Minister Edouard Balladur of France will plan their joint approach to next month's EU summit in Corfu and to Germany's presidency in the second half of this year and France's in the following six months.

Mr Kohl and Mr Mitterrand were reported over the weekend by the *Süddeutsche Zeitung* newspaper to have already decided that at Corfu they will back Mr Jean-Luc Dehaene, the Belgian prime minister, to succeed Mr Jacques Delors as European Commission president.

In Paris an official would

only comment that "from our praise of Belgium's performance in the presidency" in the second half of last year "you can see where our heart lies".

In Bonn, rumours that the Delors succession might be deliberately kept open for Mr Kohl to fill if he lost his October election were discounted, partly because this would leave the European Parliament insufficient time to use its Maastricht rights to endorse the new commissioners.

According to the Elysée spokesman, the two countries are to set up a high-level working party to ensure "perfect co-ordination" of EU business between July 1 this year and June 30 next year. Among other things, this will involve:

● France falling in with Germany's desire for the EU to open more to the east, in return for Germany's backing

for French initiatives towards North Africa, and particularly Algeria, whose official debt is expected to be rescheduled in Paris next week.

Germany would like President Boris Yeltsin and Leonid Kravchuk to come to Corfu to sign EU co-operation treaties with Russia and Ukraine, a wish that French complaints about Russia's "dumping" enriched uranium looked like thwarting. But Mr Alain Juppé, French foreign minister, used his recent trip to Russia to get a restraint agreement that still needs endorsement by his EU partners. France and Germany have also been negotiating with Mr Kravchuk a plan for western aid to stop further work, and radiation leaks, at Chernobyl nuclear plant and to fund completion of less dangerous reactors.

● An attempted compromise

on economic growth and trade issues. Both governments seem agreed that the eastward expansion of high-speed rail should figure in the list of EU-backed infrastructure projects being prepared for Corfu, though Germany remains more sceptical than France of the Commission "behaving like a bank" in financing these. In advance of the G7 summit in July, France wants German support for the new World Trade Organisation to debate minimum labour standards.

● Improvements to the EU post-Maastricht. To France, this chiefly means better foreign policy co-ordination, and possibly a Western European Union arms agency; progress on an initial, bilateral Franco-German weapons procurement agency will be reviewed at Mulhouse. Germany, currently president of the Schengen organisation to reduce border controls, is keen on faster progress on common immigration and crime policies.

Fighting flares in Bosnia

Serb and Bosnian government forces at the weekend fought for control of strategic supply routes, as the UN said a new round of talks aimed at brokering a ceasefire would commence this week, writes Laura Silber in Belgrade.

Despite ongoing clashes, Lord Owen, EU negotiator, said: "I think there's a fairly good chance of getting a ceasefire in the next few weeks."

But he appeared uncertain as to whether the warring factions would endorse a settlement on Bosnia's partition. International mediators last week put forward a revised

version of a settlement that would give the new Muslim-Croat federation 51 per cent of Bosnia and the Bosnian Serbs 49 per cent.

Mr Radovan Karadzic, Bosnian Serb leader, said he would rejoin peace talks, making clear that his side will back a ceasefire, but stop short of a political settlement.

The Bosnian government fears a ceasefire would cement Serb gains, about 70 per cent of Bosnian territory. Mr Karadzic said Serbs were ready to sacrifice land if sanctions are lifted but remain far from accepting proposals for a 49-51 ratio.

"Maybe we could accept 49 per cent, if they give us Tuzla and Sarajevo," he said yesterday, reported *Vecernje Novosti*, the Belgrade daily.

In remarks likely to raise Bosnian government fears, Mr Karadzic said: "It is now certain that we have a state, we just must take care for it to be as big as possible."

Meanwhile, both sides claimed civilian losses in fighting in the strategic Sava River valley, northern Bosnia. Serb forces had appeared to regain strategic high ground near Tuzla, the Bosnian stronghold in the northeast.

CORRECTION

Astra and Takeda settlement

Under the terms of the settlement between Astra, the Swedish pharmaceutical group, and the Japanese group Takeda, Astra will receive unspecified consideration for Takeda's future sales of products containing lansoprazole and not the generic version of Losec (Astra's best-selling anti-ulcer drug) as stated in a May 27 story headed "Astra-Takeda patent row settled".

French business leaders rally round imprisoned Schneider chairman

By John Ridding in Paris

French business leaders yesterday rallied behind Mr Didier Pineau-Valencienne, chairman of Grupp Schneider, the French electrical engineering group, imprisoned in

Brussels since Friday on charges of fraud.

The arrest of the Schneider chairman also prompted high-level exchanges between the French and Belgian governments, although both sides declined to confirm Belgian

television reports that Mr Edouard Balladur, the French prime minister, had telephoned Mr Jean-Luc Dehaene, his Belgian counterpart, concerning the issue.

In an advertisement placed in the *Journal du Dimanche*,

the French Sunday paper, 35 prominent French businessmen pledged their support for Mr Pineau-Valencienne, testifying to his "moral rigour, ethics and competence".

In Brussels, however, there seemed little sign of an early

release for the Schneider chairman. The Belgian Justice Ministry said it would respect the decision of the investigating judge, Mr Jean-Claude Eschen, who detained Mr Pineau-Valencienne on charges of fraud, embezzle-

ment, falsification of annual accounts and abuse of confidence.

Under Belgian law, Mr Pineau-Valencienne must remain in prison until the judge decides whether the charges should be confirmed.

His court appearance has been set for Wednesday.

The charges against Mr Pineau-Valencienne relate to a complaint by minority shareholders in two Belgian Schneider subsidiaries - Cofinimes and Cofibel. They claimed that

Schneider's 1992 bid to buy them had undervalued their shares. An agreement between the minority shareholders and Schneider was reached earlier this year after the French group raised its offer price, but an investigation by the Belgian authorities into the management of the two subsidiaries, which was launched last September, has continued.

Tough manager finds himself behind Belgian bars

When Mr Didier Pineau-Valencienne, chairman of France's Grupp Schneider, was asked last year about the protracted dispute between his electrical engineering group and minority shareholders in two financial subsidiaries in Belgium, he dismissed the prospect of trouble. "There should not be any unpleasant surprises," he told *Les Echos*, the financial daily.

After a weekend in Forest prison in Brussels, however, Mr Pineau-Valencienne may be reflecting on those words. Having travelled to Belgium last Thursday to make a statement concerning an investigation triggered by complaints filed by minority shareholders in Cofibel and Cofinimes, the two subsidiaries, Mr Pineau-Valencienne found himself charged with fraud and detained in prison.

The event has prompted shock and dismay in France. "We are deeply angered," said Schneider, who rejected the charges of forgery, use of fraudulent documents, embezzlement and breach of accounting laws.

Brussels is sensitive, and Paris is dismayed, reports John Ridding

The company said that Mr Pineau-Valencienne had travelled voluntarily to Brussels and had requested a hearing concerning the investigation by Belgian magistrates.

A group of leading French industrialists, including Mr Bertrand Collomb, chairman of Lafarge Coppee, and Mr Jean Gandois, head of Pechiney, placed an advertisement in the *Journal du Dimanche* yesterday pledging support for the Schneider chairman, while the French ambassador to Brussels, who visited Mr Pineau-Valencienne in prison, said that concern about the events had been expressed at the highest level.

The reaction in France is partly a reflection of the importance of the group, one of France's 25 highest companies, with annual sales of about FF565bn (\$8.8bn). It also reflects the prominence of Mr Pineau-Valencienne, who has forced his way to the top ranks of French industry and has been tipped as a possible successor to Mr Francois

Perigot, the head of the Patronat, the French employers' federation.

His journey to the top has not been smooth. Since taking the reins at Schneider in 1981, Mr Pineau-Valencienne has gained a reputation as a tough and ambitious manager, and was often at the centre of controversy. Landmarks include the liquidation in 1984 of Creusot-Loire, the group's steelmaking subsidiary, following a test of strength with the Socialist government of the time, from which Mr Pineau-Valencienne was demanding a rescue package.

In 1991, Mr Pineau-Valencienne switched his focus to the US, where he launched a hostile bid for Square D, the electrical equipment group. The \$2.53bn (£1.5bn) bid was the largest launched by a French company in the US. Mr Pineau-Valencienne's ultimate success in the offer, after a protracted legal battle, won him the respect of his peers. He was named business-

man of the year by *Nouvel Economiste*, the French business magazine.

The result of his efforts has been the reshaping of the disparate industrial conglomerate he inherited into one of Europe's largest electrical engineering groups. Sales have increased from FF40bn in the year of his arrival to FF56bn last year. Profits have also been improving, rising by 33 per cent last year to FF740m.

It is Mr Pineau-Valencienne's strategy of reorganising the group, however, which lies behind his present plight. In November 1992, Schneider launched an offer to buy out minority shareholders in Cofibel and Cofinimes, two financial subsidiaries in Belgium, as part of its reorganisation. "The structure of the company in Belgium was an unimaginable imbroglio," said the Schneider chairman.

Minority shareholders in the two subsidiaries protested against the

terms of the offer. In April last year, they filed a complaint with the Belgian legal authorities, claiming that the offer undervalued their shares. They also accused Schneider of mismanagement of its Belgian subsidiaries, criticising the entry of a Swiss-registered company called Fimo into the capital of PB Finance, in which Cofibel had a stake. Reports in the Belgian press claimed that PB Finance through the Swiss company was involved in money laundering, an allegation firmly denied by Schneider.

After a protracted dispute, Schneider increased its offer, and an agreement was reached with minority shareholders at the end of last year. Last September, however, in response to the complaints filed by minority shareholders, Belgian investigating magistrates opened the investigation which resulted in Friday's charges.

Industry observers said the case also reflected Belgian sensitivity

about the power of neighbouring French industry, particularly with respect to minority shareholders. "There is a fear of economic imperialism," said one analyst in Paris. He said such fears had been demonstrated in previous cases, citing the 1992 ruling by a Belgian appeal court that Accor, the French hotels group, should increase its offer for Wagons-Lits, the Franco-Belgian travel group, following a claim by Belgian investors.

Schneider, however, stressed that the agreement had already been reached concerning the price. "It is a paradox that this should happen now, after we have resolved the dispute," said Schneider. It said that attempts were being made to secure the release of Mr Pineau-Valencienne before Wednesday's hearing and that the Belgian authorities had not clarified the reasons behind their charges.

What is already clear, however, is that what started as a squabble with minority shareholders has become a great deal more troubling for Mr Pineau-Valencienne.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Niederungelweg 1, 60318 Frankfurt am Main, Germany. Telephone: +49 69 150 150. Fax: +49 69 150 4400. Telex: 330600. Registered in Frankfurt by J. Walter Brand, Wilhelmstr. 1, Berlin. Co. A. Kennard as Co-Managing Director and in London by David G.M. Bell and Alan C. Miller. Printer: VFW Druck-Vertrieb und Marketing GmbH, Adenau-Rosenfeld, Straus 35, 63321 Neu-Isenburg (owned by Harcourt International). ISSN: ISSN 0174-3363. Responsible Editor: Richard Lambert, at The Financial Times, 1, Abchurch Lane, London EC4N 3DF. UK Shareholders of The Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholders of the above mentioned companies are: The Financial Times Limited, Number One Southview, London SE1 9UL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: D. Good, 140 Rue de Rivoli, F-75004 Paris Cedex 01. Telephone (01) 42714011. Fax (01) 42714022. Telex: 344. Nord Editor: 1321 Rue de Caen, F-93000 St-Denis Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1140-3735. Correspondence: Paris 01 42714022.

DENMARK
Financial Times (Scandinavia) Ltd, Vesterbrogade 33 A, DK-1165 Copenhagen K. Telephone 33 13 44 41. Fax 33 93 57 32.

Erich Honecker: hardline Germany rejects offer of MiGs keeper of the Berlin Wall to help discharge Russian debt

By Our Foreign Staff

Erich Honecker, who personified the intransigence of communism during the 1980s, died yesterday of cancer in the Chilean capital, Santiago, his home since January 1983. He was 81.

The former East German leader, who started life as a roofer and spent years in prison as an opponent of Nazi Germany, left for exile after the collapse of his trial in which he was charged with responsibility for the death of 13 East Germans on the border with West Germany. His orders for border guards to shoot at escapees, which resulted in 180 deaths, had led to a warrant for his arrest in November 1990 after German reunification.

German television brought almost hourly updates during the court case and even boarded the aircraft that took him to Santiago after judges in Berlin ruled he was too ill with liver cancer to stand trial.

By then pale and wizened, fascination with the man, seen by many as the East German Politburo member responsible for the building of the Berlin Wall, only faded after he had retired to his daughter's house halfway around the globe.

He was born a miner's son in the Saarland, Germany's southwestern state. Both his parents were members of the Communist party and the young Honecker distributed party pamphlets at the age of eight and joined the Young Spartacus Union, a children's communist organisation, aged 10.

He went on to join the Communist party in 1929, studied in Moscow, and worked under various aliases to expand the party in Germany.

In 1935 he was arrested by the Gestapo charged with high treason and sentenced to 10 years in prison.

It was Walter Ulbricht, East Germany's first Communist party leader, who brought



Honecker studies files before his 1992 trial for manslaughter of would-be escapees of his communist regime

Honecker into the central committee after the second world war. He earned Ulbricht's trust as leader of the Free German Youth (FDJ), the party's youth wing, during a campaign led by Honecker to destroy all television aerials which were being used to receive West German television.

Long Ulbricht's "crown prince," he was given responsibility in the ruling politburo for military and state security. The top job fell to him in May 1971 after Ulbricht resisted Moscow's efforts to reach an accord with West Germany.

Few East Germans expected much from the stern-faced Honecker who had a reputation for orthodoxy and was a notoriously bad speaker.

However the early Honecker years, until about 1976, were

seen in retrospect by many East Germans as the country's most prosperous. With prompting from Moscow, relations between the two Germanies were allowed to improve as Willy Brandt, West Germany's Social Democratic chancellor, sought to improve ties between Bonn and Berlin. In this respect Honecker played a crucial role.

Western politicians and businessmen beat a path to his door. A Sunday afternoon meeting in 1973 over cakes and coffee with the late Herbert Wehner, Social Democratic whip in the Bonn parliament, led to a series of high-level meetings with West German leaders.

This two-track policy of strict domestic delimitation from West Germany while

courting the West German political and financial elite was crowned by the visit to East Germany in December 1981 by Mr Helmut Schmidt, then West German Chancellor.

But Honecker was pulled between the West German need for détente and the Soviet need for legitimising a separate East German national state.

Honecker's desperately poor childhood coloured his outlook on life. On inspection tours of cramped new East German housing estates he would remark that workers under the Kaiser could never have dreamed of such superb living conditions.

He failed to realise that East German workers did not compare their lot with that of their grandfathers but instead with West German workers whose flats were larger and equipped with more modern appliances.

Throughout the mid-1980s Honecker had longed to crown his political career with a visit to Bonn.

Yet, in 1983 and 1984, as Moscow moved from one geriatric Communist party leader to another, he was prevented from visiting West Germany and it was only under the then Soviet leader Mikhail Gorbachev that he was at last allowed to do so.

However, Honecker, increasingly divorced from the reforms which were taking place in the former Soviet Union and Mr Gorbachev's refusal to intervene to protect the Communist parties of Eastern Europe against popular uprisings, in the end found himself up against the very Wall which was supposed to protect East Germany.

Towards the end of 1989 the people of Leipzig and of East Berlin themselves demonstrated against the Wall and eventually breached it on the night of November 9. Honecker had failed to sense the shifting nature of power in Moscow and in the West. Moscow had dropped him.

By Bruce Clark, Defence Correspondent, in Berlin

Germany has rejected a Russian offer to discharge more than a billion dollars' worth of debt in the form of 100 of its most advanced MiG fighter aircraft, according to German government officials.

The proposal was made by General Pavel Grachev, the Russian defence minister, to Mr Jörg Schöbhorn, state secretary for defence, during the recent visit to Germany of President Boris Yeltsin.

The offer, whose acceptance would have implied a huge change in Germany's strategic orientation, was rejected on both political and technical grounds, the officials said.

They said the German Air Force remained committed to procuring the four-nation Eurofighter 2000, although

its price was higher and it has aroused political controversy.

The opposition Social Democrats have threatened to withdraw from the project, which also involves Britain, Spain and Italy, if they win the German elections this autumn.

United Germany has inherited 30 MiG fighters from the east German forces, and a report by the National Audit Office last autumn, leaked in part to the press, suggested that further purchases of the Russian aircraft would be a better option than procuring Eurofighter.

However, a decision to make MiGs the linchpin of the air force could leave Germany dependent on Russian spare parts and after-sales service - both of which are alleged by Western experts to be unreliable - and call in

question Germany's commitment to its western allies.

Other drawbacks with the MiGs included the need for a massive internal reorganisation of the air force; the Russian aircraft's incompatibility with western air traffic control procedures; and the frequency with which they require servicing.

MiG engines are designed to fly for about 600 hours between overhauls, compared with up to 4,000 for a similar western aircraft.

This reflects the fact that the cost of engineers' pay was never an important factor for Soviet military planners.

The German officials insisted that discussions between Mr Schöbhorn and Gen Grachev did not get as far as negotiations over price.

Reports in the specialist press have speculated that

Russia would be prepared to sell its MiGs for as little as DM20m (€8m) apiece, compared with a basic price for the Eurofighter of three to five times higher.

This would imply that the proposed MiG deal would have been worth DM2bn, only a fraction of the DM80bn which Germany is owed by Russia.

A government official said: "The deal looked cheap, but it would still have required the air force to transfer funds to the economics ministry or any other government agencies which are owned money by Russia. The air force does not have the necessary resources at the moment."

The air force says the need to renew its air-to-air defence capacity will not arise until the year 2002, when its fleet of US-built F-4s will become obsolete.

NOTICE OF MEETING OF DEBENTUREHOLDERS

TRIZEC CORPORATION LTD.

NOTICE OF MEETING OF HOLDERS OF THE FOLLOWING SECURITIES ISSUED BY TRIZEC CORPORATION LTD.

Cdn. \$4,441,000	9 1/4%	Senior Debentures to mature November 15, 1993;
Cdn. \$2,904,000	10 1/4%	Senior Debentures to mature June 1, 1998;
SFR 100,000,000	6 1/4%	Bonds 1983-1993;
Cdn. \$6,000,000	11 1/4%	Senior Debentures to mature March 15, 1995;
SFR 100,000,000	5 1/4%	Bonds 1985-1995;
ECU 56,000,000	9 1/4%	Senior Debentures to mature September 13, 1995;
Cdn. \$75,000,000	10%	Senior Debentures to mature October 1, 1996;
SFR 100,000,000	5%	Bonds 1987-1999;
U.S. \$125,000,000		Senior Debentures to mature 1995;
Cdn. \$125,000,000	10 1/4%	Senior Debentures Due June 22, 1999 and
	10 1/4%	Senior Debentures Due June 22, 2009;
SFR 150,000,000		Senior Debentures to mature 1997;
U.S. \$60,000,000		Senior Debentures to mature 1995;
U.S. \$40,000,000		Fixed Rate Notes to mature 1995; and
Cdn. \$115,000,000	11.125%	Senior Debentures Due June 18, 1996;

(collectively, the "Debentures")

NOTICE IS HEREBY GIVEN that, pursuant to an order of the Court of Queen's Bench of Alberta (the "Court") dated May 10th, 1994, as amended by a further order of the Court dated May 25, 1994 (the "Interim Order"), a meeting (the "Debtentureholders Meeting") of the holders of the Debentures (the "Debtentureholders") of Trizec Corporation Ltd. (the "Company") will be held in the Bankers Hall Auditorium, 315 - 8th Avenue S.W., P-3 Level, Calgary, Alberta, Canada on the 28th day of June, 1994 at the hour of 10:00 o'clock a.m. (Calgary time), for the following purposes:

- to consider, pursuant to the Interim Order, and if deemed advisable, to pass a resolution (the "Resolution") to approve an arrangement (the "Plan of Arrangement") pursuant to section 192 of the *Canada Business Corporations Act*, the full text of which Resolution is set out in Appendix "E" to the Management Proxy Circular mailed or otherwise made available to Debtentureholders; and
- to transact such other business as may properly be brought before the Debtentureholders Meeting or any adjournment thereof.

At the Debtentureholders Meeting, each holder of Debentures will have one vote for each Cdn. \$1,000 principal amount of such Debentures held (the principal amount of Debentures payable in other currencies for such purposes to be covered using exchange rates prevailing as of April 25, 1994, being U.S. Dollars 1.3813, ECU 1.5859 and SFR .9646 as specified in the Interim Order).

The Court has set the quorum for the Debtentureholders Meeting as two or more persons entitled to vote in person or by proxy holding in the aggregate at least a majority of the outstanding principal amount of the Debentures determined in Canadian dollars as provided above.

The record date for entitlement to notice of the Debtentureholders Meeting is the close of business on May 11, 1994. The record date for entitlement to vote at the Debtentureholders Meeting has been established as 10 days prior (excluding the date of the Debtentureholders Meeting) to the date of the Debtentureholders Meeting and only those Debtentureholders who (i) as registered Debtentureholders are entered on the applicable register of Debentures or (ii) as holders of unregistered Debentures, have complied with the deposit procedures referred to below, are entitled to vote in person or by proxy.

Holders of Debentures in unregistered or bearer form desiring to attend and vote in person or by proxy at the Debtentureholders Meeting or any adjournment thereof, without producing such Debentures, may deposit same with a custodian listed below and will receive in exchange a Voting Certificate(s) which will entitle the holder named therein to be present and vote on behalf of the holder at the Debtentureholders Meeting and at any adjournments thereof or to appoint a proxyholder to represent and vote on behalf of the Debtentureholder at the Debtentureholders Meeting and any adjournment thereof. Debentures so deposited will be held on deposit until after the Debtentureholders Meeting and any adjournment thereof and will only then be returned to the depositor on presentation of the receipt therefor.

A Debtentureholder may attend the Debtentureholders Meeting in person or may appoint another person as proxyholder. To appoint a person to attend as proxyholder, a Debtentureholder must deposit with the Company, c/o Montreal Trust Company of Canada, (the "Trustee") at the address specified below, an instrument appointing the proxyholder, signed by the Debtentureholder or an attorney of the Debtentureholder, prior to 5:00 p.m. (Calgary time) on the second day (Saturdays, Sundays and holidays in Calgary excluded) preceding the date of the Debtentureholders Meeting or any adjournment thereof or with the Chair of the Debtentureholders Meeting prior to the commencement thereof.

The forms of proxy, which accompanied the Management Proxy Circular, name Kevin E. Benson and Willard J. L'Heureux, each a director and officer of the Company, as proxy nominees. Debtentureholders may appoint another person as proxyholder by inscribing the name of such person to the space provided in such form of proxy or by completing another valid form of proxy. Persons appointed as proxyholders need not be Debtentureholders. Debtentureholders may not appoint Montreal Trust Company of Canada, the Trustee for the Debentures, as proxyholder.

The vote required to pass the Resolution is, subject to further order of the Court, the affirmative vote of not less than two-thirds of the votes cast by the Debtentureholders, voting as a single class, in respect of the Resolution. The Plan of Arrangement is subject to the approval of the Court. The matter is scheduled to be heard before Mr. Justice G.R. Fothergill at the Court House, 611 - 4th Street S.W., Calgary, Alberta, Canada at 10:00 a.m. (Calgary Time) on July 6, 1994. Additional details concerning such hearing are set forth in the Management Proxy Circular.

If Debtentureholders have any questions about the procedures to be followed to qualify to vote at the Debtentureholders Meeting or about obtaining, completing and depositing proxies and voting certificates, they should contact Montreal Trust Company of Canada at (403) 267-6893.

DATED at Calgary, Alberta, this 27th day of May, 1994.

By Order of the Board of Directors,

(Signed) KAREN E. JACKSON
Senior Vice President, General Counsel
& Corporate Secretary

Debtentureholders who are unable to attend the Debtentureholders Meeting in person are requested to date and sign the applicable form of proxy which accompanied the Management Proxy Circular and either deliver or mail it in the envelope provided to Trizec Corporation Ltd. c/o Montreal Trust Company of Canada, 411 - 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E7, prior to 5:00 p.m. (Calgary time) on the second day (Saturdays, Sundays and holidays in Calgary excluded) preceding the date of the Debtentureholders Meeting or any adjournment thereof or deposit same with the Chair of the Debtentureholders Meeting prior to the commencement thereof. The time limits for depositing proxies prior to the Debtentureholders Meeting may be waived by the Company in its discretion without notice.

Copies of this Notice and the Management Proxy Circular containing the Resolution and suitable forms of proxy are being or have been mailed by first class prepaid mail to all holders of fully registered Debentures and Debentures registered as to principal only. Additional copies of such documents and instructions and forms of voting certificates and proxies for the purpose of enabling the holders of unregistered Debentures to be present and vote at the Debtentureholders Meeting in person or by proxy may be obtained from the following custodians in respect of the series of unregistered Debentures indicated:

Custodians:		
(a) For all series of Debentures in unregistered or bearer form:		
Montreal Trust Company of Canada 411 - 8th Avenue S.W. Calgary, Alberta Canada T2P 1E7 Attention: Corporate Trust Department	Montreal Trust Company of Canada 510 Burrard Street Vancouver, British Columbia Canada V6C 3B9 Attention: Corporate Trust Department	Montreal Trust Company of Canada 151 Front Street West Toronto, Ontario Canada M5J 2N1 Attention: Corporate Trust Department
Montreal Trust Company of Canada Place Montreal Trust 1800, avenue McGill College Montreal, Quebec Canada H3A 3K9 Attention: Corporate Trust Department	Euroclear Boulevard de la Woluwe, 151 B-1210 Brussels, Belgium	Cedel S.A. 67 Boulevard Grand Duchesse Charlotte L-1331 Luxembourg
Canadian Imperial Bank of Commerce 309 - 8th Avenue S.W. Calgary, Alberta Canada T2P 2P2		

(b) For SFR 100,000,000 6 1/4% Bonds 1983-1993
SFR 100,000,000 5 1/4% Bonds 1985-1995
SFR 100,000,000 5% Bonds 1987-1999:

Swiss Bank Corporation
Bâlegrasse 16
CH-8010 Zurich
Switzerland

(c) For ECU 56,000,000 9 1/4% Senior Debentures to mature September 13, 1995:

Société Générale
Alsacienne de Banque
15 avenue Emile
Reuter
L-2420 Luxembourg

INTERNATIONAL PRESS REVIEW

Russia, Ukraine in war of words

CRIMEA

By John Lloyd, Jill Barshay
and Leyla Bouillon

Far from cheering on *nashi* (out side), Russia's newspapers, like its people, have been categorical in blaming "politicians" for the past week's stand-off between Ukraine and its Russian-dominated peninsula of Crimea.

"Politicians are doing everything so that holidaymakers sunbathe on barricades," said the liberal daily *Izvestia*, just as Kiev, Moscow, and Crimea, traditionally Russia's summer holiday playground, swapped threats over the Crimean parliament's decision to restore a secessionist constitution.

The official military newspaper, *Krasnaya Zvezda* (Red Star), called for peace with a front page story headlined: "Will the Politicians Stop at the Danger Zone?" Admittedly, most of the criticism was aimed at politicians in Ukraine, with many commentators noting the influence of elections a month away.

Despite popular resentment at Mr Nikita Khrushchev's decision to donate Crimea to Ukraine in 1954, Russia's papers refused to give Yuri Meshkov, the maverick Crimean leader who wants reunification with Russia, total sup-

port. According to *Izvestia*, he was to be held responsible for crying wolf on troop movements in Crimea, and undermining its livelihood by scaring away Russian tourists.

The mass-circulation weekly *Argumenty i Fakty* argued that the former KGB and Red Army, with the collapse of the former Soviet Union, had their own reasons for wanting the crisis to degenerate into war.

"Many officers still think of themselves as belonging to a single, although temporarily divided, system. They hope that a war in the Crimea will push Ukraine towards a gradual restoration of common statehood with Russia and that other ex-Soviet republics will follow suit," the paper said.

With typical cheekiness, *Komsomolskaya Pravda*, the former Communist youth daily, took a more light-hearted approach. Noting the way the dollar exchange rate in Crimea soared and then fell in a matter of days, it said the whole crisis had simply made currency speculators rich. It also speculated that the only more armoured vehicles that most of the equipment inherited from the Red Army had fallen into disrepair.

Most regional and local newspapers in the former Soviet Union have yet to find

the confidence to comment forcefully on events: the overwhelming majority print government statements and versions of events unedited and unsigned. The Crimean press follows this tradition closely.

A typical edition of the main daily *Krymskaya Pravda* (Crimean News) - published by the Crimean supreme soviet - has press releases and regulations on the front page, with bland features on the other three.

Last Wednesday's edition had as its main story a transcription of the press conference given by Mr Sergei Tsekov, the supreme soviet chairman - under the headline: "We are working without fuss" which, as a response to a region scoured by the Ukrainian government of unlawful secession and provoking civil war, appears to lack urgency.

Ukraine's press, still largely under state control, devoted much space to reprinting presidential decrees on asserting authority over Crimea's militia, and parliamentary resolutions giving Crimea 10 days to change its mind and rescind its "illegal" constitution.

As usual, the news was two days old at the time of printing. The singular anti-establishment paper, *Nezavisimost*, led a crusade condemning Russian and Ukrainian television for, respectively, biased and

absent coverage. It attacked Russia's Ostanekino Television for highlighting false rumours of Ukrainian military deployments.

The paper charged Ostanekino with "artificially editing" an interview with Mr Vitaly Radetsky, the Ukrainian defence minister, which "gave the impression that poor little Crimea is choking in the grips of the Ukrainian monster." However, the outspoken paper lambasted Ukrainian Television for burying the story as an "insignificant matter," instead of providing full explanation and commentary.

In *Nezavisimost's* opinion column, a Ukrainian MP lamented that Crimean negotiations in Kiev last Wednesday ended without a concrete resolution confirming Crimea's status as part of Ukraine. Crimea's apparent reason for not agreeing was that their parliamentary delegation "lacked authority," wrote Mr Yuri Karmazin, a Ukrainian MP.

The mainstream press condemnation of Russia's widely perceived role in stirring up troubles in Crimea was more subtle. Kiev's leading newspaper, *Kievskiy Vedomosti*, displayed two carefully chosen quotes side by side. It quoted Mr Warren Christopher, US secretary of state, noting that the US "recognises and highly values the responsible and peaceful position of Ukraine."

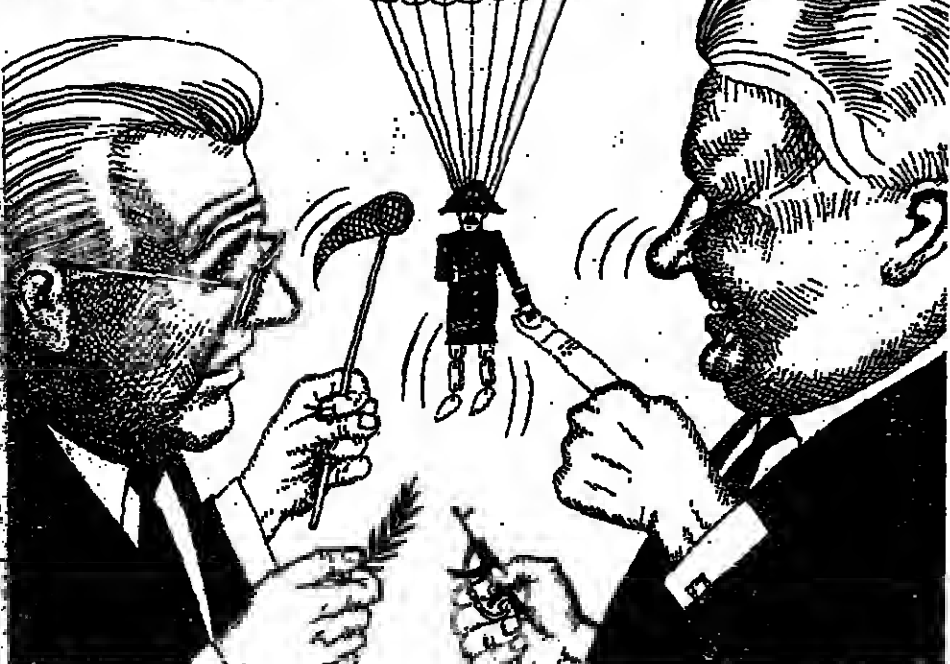
For his part, the Russian MP, Mr Konstantin Zatulyn, saying that "the tension around Crimea is connected not with the peninsula's politics, but with who'll be president of Ukraine."

In a separate story, *Kievskiy Vedomosti* drew an alarming parallel between Crimea's developments and the 1992 bloody civil war which took place between Moldova and its Slavic-oriented, separatist region of Transnistria. It noted that that "Tiraspol (Transnistria's capital) also began with establishing its own power ministries." But this tit-bit was buried in the last paragraph of page 13.

For all the grim warnings in the Russian and Ukrainian press, more amusing than anything else this week, however, was President Boris Yeltsin's reported response to a barrage of criticism from his Ukrainian counterpart, Mr Leonid Kravchuk.

Projecting his new-found image as father of the nation, Mr Yeltsin told Russians that despite all the fuss, it would be perfectly safe to go on holiday to the Crimea this summer after all.

КРЫМ: ЗАТЯЖНОЙ ПРЫЖОК



From Kiev's leading newspaper, *Kievskiy Vedomosti*: Ukraine's peace-offering Kravchuk, left, prepares to catch Crimea's Meshkov, portrayed as a parachuting Napoleon puppet (Meshkov's sports is sky-diving), with a fishing net. Yeltsin, menacing Kalashnikov in one hand, is offering a near-invisible finger of support to the Crimean

NEWS: INTERNATIONAL

Clinton denies shake-up plan

By Jurek Martin in Washington

President Bill Clinton has denied that he plans imminent changes to his most criticised foreign policy team.

In a weekend interview with the *Los Angeles Times*, Mr Clinton conceded he had problems communicating his foreign policy goals to the public at large. But that deficiency, he said, should not be laid at the door of either Mr Warren Christopher, secretary of state, or Mr Anthony Lake, the national security adviser.

"The president said he had talked to 'a huge number of people' about foreign policy in recent weeks, mostly because it had been subject to what he called 'relentless criticism'."

He could well imagine that an

impression had been left that he was planning to reshuffle his team but he suggested that his secretary of state, in particular, was involved in delicate and indispensable negotiations in the Middle East and over China.

Mr Clinton's decision last week to renew China's most favoured nation trading status without reference to its human rights record has again produced a wave of political and media criticism for his lack of foreign policy consistency.

This, in turn, has given new impetus to the rumours that have periodically swept over Washington for months about the fate of Mr Christopher and Mr Lake, old colleagues from the Carter administration. Popular variations have had both

replaced by their deputies, Mr Strobe Talbott and Mr Sandy Berger, respectively.

An alternative version has had Mr Talbott, a friend of the president dating back to their Oxford days, move to take over the national security council from Mr Lake. This post does not require approval by the Senate, where earlier this year over 80 members voted not to confirm Mr Talbott as deputy secretary of state.

Another widely canvassed option had Mr Clinton appointing a generally respected heavy hitter as the new secretary of state. This might be even a Republican or, in a total coup d'état, retired General Colin Powell, until last year head of the joint chiefs of staff. Matched against all this

speculation have been two serious factors. First, there is no hard evidence that Mr Clinton, having already ditched his first secretary of defence, Mr Les Aspin, has lost confidence in Mr Christopher or Mr Lake in the face of the critical battery.

Second, a change at the foreign policy helm now would be freely interpreted as a sign of weakness and a distraction from domestic policy priorities in the run-up to mid-term congressional elections that already have the White House and the Democratic party nervous.

It would seem more appropriate for Mr Clinton to entertain a reshuffle some time well into next year. Candidates then for the State Department might include Senator George Mitch-



Christopher periodic rumours

all, the majority leader who is retiring at the end of this year, or a party heavyweight such as Senator Bill Bradley of New Jersey, whom Mr Clinton approached during the transition about becoming secretary of state.

Housing shortage at centre stage in Israel

David Horovitz on a lack of land and labour

On a terraced hillside rising above west Jerusalem's huge new Malha shopping centre, rows of new housing stand close to completion - outside walls faced in golden Jerusalem stone, roofing finished, but windows missing, no plumbing, and electricity yet to be connected.

Across town, in the Talpuz neighbourhood, Yitzhak, bespectacled building manager of a deserted site, explains the malaise: "There are no Palestinians coming in from the territories to work. And without Palestinians, there's no building."

The closure of the occupied territories - which is keeping virtually all Palestinians workers from their jobs inside sovereign Israel - has exacerbated a problem that has now become a priority for Prime Minister Yitzhak Rabin's moderate Labour government: the soaring rise in house prices.

For the third time in eight days, the Israeli cabinet yesterday devoted a full meeting to the issue, finally approving measures to free land for 50,000 new housing units this year, setting aside cheaper housing for those most in need, and introducing incentives for contractors to complete at top speed.

Even yesterday's measures seem far too limited to achieve a drastic improvement. "The problem, basically, is a matter of supply and demand," says real estate agent Alex Losky, "there's huge demand. Everybody wants to live here. But there's just no land available for building on."

Supply has been limited by the amount of red tape blocking allocation of new areas for construction - the innumera-

ble local, regional and national committees from which approval must be sought. And once land is allocated, private contractors - well aware of the spiralling prices - are in no hurry to complete projects. The longer they take, the higher the price they'll be able to demand.

Even contractors trying to work fast have been hampered by the closure of the territories. Previously, 65,000 Palestinians worked in construction inside Israel; yesterday, the cabinet agreed reluctantly to lift the closure order on just

ISRAELI HOUSE PRICES	% increase on previous year
1989	34.7
1990	34.5
1991	30.1
1992	10.1
1993	21.5
1994	10.4*

*To April Source: Central Bureau of Statistics

13,000 of them. Asked why, with a national unemployment rate of 10 per cent, Israelis were unwilling to fill the vacuum, Mr Yehuda Goren, deputy director of the Contractors' Association, said: "The Israeli unemployment reservoir is generally composed of people who aren't fit to work in construction. There's potential to recruit only about 5,500."

Mr Goren thought pay was quite competitive, and stressed Palestinians and Israelis were offered the same rates, ranging from 2,100 shekels (about \$460) to 3,500 shekels a month - below, but not far below, average Israeli wages. Israel has taken to bringing in workers from Thailand, Romania and other cheap labour countries. Mr Goren said there would be

26,000 foreign construction workers in Israel by the week's end. Their minimum wage is 1,500 shekels a month.

While land and labour shortages limit supply, demand is booming. Even though the pre-Gulf war era of 20,000 Russian immigrants a month is now a distant memory, new arrivals still average a monthly 6,000. Before the autonomy deal with the Palestinians, many thousands of cash-strapped families could find cheaper housing in the occupied West Bank, but only the most ideologically committed were buying homes in settlements today. A further wave of demand for homes inside sovereign Israel is inevitable when, sooner or later, the government offers compensation to settlers willing to leave the occupied territories.

On top of all these factors, demand is also being fuelled by foreign Jewish investment in Israeli property which, according to Mr Ben-Zion Loral of the Anglo Saxon real estate agency, accounts for 40 or even 50 per cent of house purchases in the best areas of Jerusalem, Tel Aviv and coastal towns like Herzliya and Netanya.

In the previous Likud government, Mr Ariel Sharon, former general and defence minister, was housing supremo. He bulldozed through much of the red tape, and paid tens of millions of dollars in incentives to contractors, to shake the industry into a period of furious construction. Mr Sharon concentrated much of his building efforts on the south of Israel, the Negev desert where jobs are scarce and where even new immigrants were reluctant to live. As the Rabin government tries to address the housing shortage, many of Mr Sharon's southern apartments stand empty.

N Korea faces renewed threat of sanctions

By John Burton in Seoul

The North Korean nuclear issue may be referred by the US and South Korea soon to the United Nations Security Council for punitive action, following Pyongyang's refusal to allow international inspectors to examine fuel rods being withdrawn from its nuclear reactor. The International Atomic Energy Agency reported at the weekend that

negotiations with North Korea on the inspection of fuel rods had broken down, with Pyongyang continuing to remove them in spite of IAEA protests. The IAEA wants to analyse the rods to determine whether North Korea has previously diverted plutonium produced by the 5MW reactor for its suspected nuclear weapons programme.

But North Korea refused all IAEA proposals to secure some of the 8,000

fuel rods to verify that the reactor core is the original installed in 1986. The reactor was shut down for 180 days in 1988, leading to speculation that North Korea removed some of the plutonium-rich fuel rods to make nuclear devices.

The US and South Korea have warned that if inspection is blocked, they would ask the UN for economic sanctions on North Korea. Pyongyang has said this would be "an act of war".

There is a faint hope the issue could be resolved, since two IAEA inspectors remain at the North's Yongbyon nuclear complex to supervise the rods' removal, which is half completed.

North Korea said it would not comply with the IAEA's demand concerning the fuel rods since it claimed a "unique status", referring to its move to withdraw from the nuclear non-proliferation treaty a year ago.

Colombian presidential vote looks close-run

By Stephen Fidler and Sarita Kendall in Bogotá

Colombia's long-standing domination by its two traditional political parties seemed set to continue yesterday in the first round of Colombia's presidential elections.

Pre-election opinion polls suggested the ballot would be close-run, with both candidates leading some polls. However, neither Mr Ernesto Samper, of the Liberal party, nor Mr And-

res Pastrana, of the Conservatives, seemed likely to win the majority needed to avoid a run-off on June 19.

Although the election campaign has not been so far marked by the violence of the previous presidential campaign, in 1990, when three presidential candidates were killed, abstention among Colombia's 17.1m eligible voters looked set to remain high. In polling stations in the slums that stretch south of Bogotá and even in

the middle class areas to the north, fewer than 10 per cent of those eligible turned out in the first two hours of polling. Abstention rates of 60 per cent or more are not unusual.

A record 18 candidates are standing for the presidency and each for the first time has a vice-president on the ballot. However, the Liberal and Conservative parties, which have dominated Colombian politics since the 19th century, continued to do so.

The high voter apathy has been blamed in part by the great similarities perceived between the programmes of both leading candidates, Mr Samper, 43, has already fought one election to win the Liberal candidacy. An economist and former minister of economic development in President Cesar Gaviria's cabinet, he has campaigned for a softening of the Gaviria economic modernisation programme. He has emphasised job creation, rais-

ing social investment to 15 per cent of GDP and subsidising agriculture, much which has been hit hard by lower tariffs.

Mr Pastrana, 39, a former television presenter, senator and mayor of Bogotá, also stresses social investment and education but gives the private sector a strong role in his proposals. Mr Pastrana's silk campaign appears to have won him support from younger voters, and from a high proportion of women.

Banker to head Caracas privatisation programme

By Joseph Mann in Caracas

President Rafael Caldera of Venezuela, after less than four months in office, reorganised his cabinet at the weekend, appointing Mr Carlos Bernardes to head the country's stalled privatisation programme.

Mr Bernardes worked for many years as president of Banco de Venezuela, one of the country's largest and strongest banks.

By naming a respected private-sector figure to head the privatisation programme, Mr Caldera hopes to convince private investors that it is serious about selling off state-owned assets.

The government suffered a serious setback on May 20 when it failed to obtain any tenders for the sale of a state-owned airline, Aeropostal, which was its highly publicised first effort at privatisation. Mr Bernardes replaces Mr Abdou Vivas Teran, a long-time congressman and close supporter of President Caldera, who headed the privatisation programme until now.

Aside from Aeropostal, the government has a long list of companies scheduled for privatisation, including three electric power companies, a group of hotels and joint ventures in heavy industry.

Of the seven cabinet changes, the only other new

face is Mr Alfredo Gruber, who takes over as state minister in charge of the CVG (Corporación Venezolana de Guayana), the government-controlled group that includes steel and aluminium producers, mining companies and the country's largest hydroelectric power concern. Mr Gruber, a veteran executive in Venezuela's oil industry, was previously president of PDVSA, the national oil company.

The government changes come at a time of increasing economic problems and reflect the president's desire to eliminate public squabbling that has occurred among cabinet ministers in the past.

Daring vision or time bomb

Kieran Cooke reports on a huge dam planned for Sarawak

The jungle light quickly fades. The rain pounds like a hundred machine guns on the roof of the Long Murum longhouse. The men, descendants of Borneo's head-hunters, their arms and legs covered in tattoos, sit round a flickering kerosene lamp. They chew betel nut and drink rice wine. Talk is of change and development.

Here, in the heart of Sarawak, East Malaysia, plans are under way for South-East Asia's biggest infrastructure project - a \$515bn (\$3.8bn) dam nearly twice the height of the Aswan dam in Egypt.

The dam, at Bakun a few miles downstream from Long Murum, will flood an area larger than Singapore. Long Murum and 14 other tribal longhouses will disappear. More than 8,000 tribespeople whose families have lived and hunted in the area for generations will be resettled.

To some, Bakun is another example of Malaysia's confidence in the future and a tribute to the daring vision of Prime Minister Mahatir Mohamad. "It's a project whose time has come," said Dr Mahatir earlier this year.

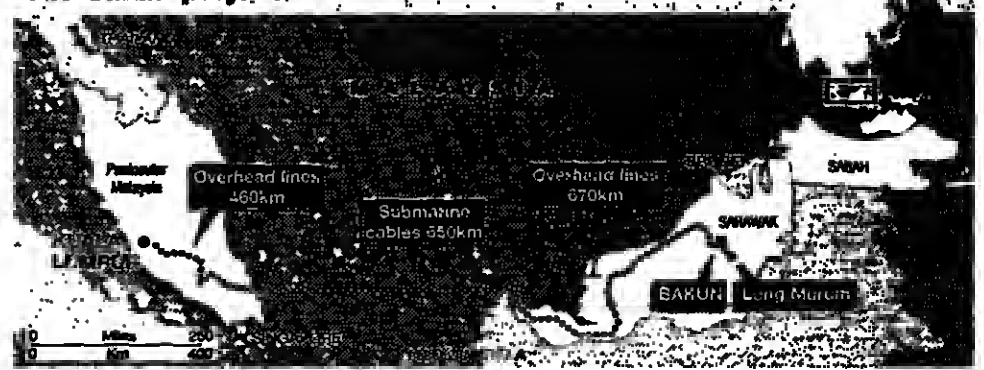
To others Bakun is an ill conceived scheme of doubtful economic merit which could bring environmental disaster to one of the world's few remaining areas of tropical rainforest and sound the death knell for a unique tribal culture. "It will be an ecological time bomb sitting right in the centre of Borneo," says Mr Sim Kwang Yang, a Sarawak-based opposition MP.

Bakun has been discussed for 14 years but only recently given the go-ahead by the government. Producing 2,400MW of electricity by early next century, this government says Bakun will not only meet the needs of Malaysia's fast industrialising economy. It will also turn Malaysia into a regional power exporter.

Bakun poses considerable technical challenges. It is being built at a site more than 500km upriver from Sarawak's coast. The journey to Bakun involves crossing a number of treacherous rapids. New roads will have to be built through dense jungle to bring in building materials and engineering equipment.

Taking the power out of Bakun will involve even greater difficulties. Some of the electricity generated will go to Sarawak itself and to the neighbouring Malaysian state of Sabah. However, the bulk of the power will go to peninsular Malaysia, first by 670km of overhead cables within Sarawak and then through 600km of cables under the South China Sea.

The Bakun project.



Compared with other large Asian and African dams

Dam	Height (m)	Capacity (billion m³)	Cost (\$bn)	Year
Bakun	235	18,000	5.1	1994
Malaysian	240	18,000	5.1	1994
Aswan	111	16,000	4.4	1960
Yamalo	133	16,000	4.4	1960
Yamalo	133	16,000	4.4	1960
Yamalo	133	16,000	4.4	1960
Yamalo	133	16,000	4.4	1960
Yamalo	133	16,000	4.4	1960
Yamalo	133	16,000	4.4	1960
Yamalo	133	16,000	4.4	1960
Yamalo	133	16,000	4.4	1960

Graphic by Chris Walker

transmission through such a lengthy underwater cable has never been attempted. "They are either being very daring or very foolish," said one Kuala Lumpur based energy company executive. Considerable power loss seems inevitable.

Bakun will be a private sector project. In January this year the government signed a memorandum of understanding giving management of Bakun to the locally based Ekran company. The announcement was greeted with some surprise. There was no tendering process involved. Controlled by Mr Ting Pek Khing, a Sarawak-based Malaysian Chinese, Ekran was established only in 1991 and has no experience in projects of the size of Bakun. Mr Ting, a swashbuckling entrepreneur who has made a name for himself as a tourist resort developer, is supremely confident. "We can build anything on earth," he says.

Mr Ting says between 60 and 70 per cent of financing for Bakun will be raised from domestic sources and insists the project can be built in six years, without federal or state funds. Ekran is widely believed to be backed by Mr Daim Zainuddin, a former federal finance minister and an economic adviser to the government.

Some tribespeople feel the change the dam will bring is part of an inevitable process. "Our ways are altering anyway," says Mr John Bampa, who works in the small town of Belaga, close to the Bakun site. "As children we were taught to hunt wild pig and fish. But the new generation have been to school and have not been taught the old ways."

However, many tribespeople say they have not been consulted about Bakun or given any project details. Some reports say a series of dams are to be built in the area. In recent years 17 technical studies have been carried out on Bakun. A government minister told parliament this year those documents remain classified under Malaysia's official secrets act.

Gara Jalong, one of a group of longhouse dwellers who two weeks ago tried but failed to present a petition opposing Bakun to the Sarawak State Assembly, says a government-appointed committee on Bakun does not represent the tribespeople. "Many of its members have been responsible for selling our lands to the logging companies."

Logging is very big business in Sarawak. In the past tribespeople who have interfered with the activities of the logging companies have been imprisoned. Though Malaysia says it is committed to curbing logging it is still by far the world's largest exporter of unprocessed tropical timber - most of it from Sarawak.

Over the last 12 months prices of many tropical hardwoods have more than doubled. In a 1991 review of forestry activities in Malaysia the World Bank said Sarawak's trees were being cut at about four times the sustainable rate. A judgment fiercely denied by the government, Mr Abdul Taib Mahmud has been Sarawak's chief minister since 1981. In exchange for support of Dr Mahatir's national front coalition government, Sarawak is left largely to govern itself.

an uncle and political rival of Mr Taib once accused the chief minister and his political

allies of controlling 30 per cent of Sarawak's timber concessions. Two of Mr Taib's sons are among Ekran's main shareholders. Mr James Wong, Sarawak's environment minister, also controls one of the state's biggest timber companies.

Bakun is being built on the upper reaches of the Rejang, Malaysia's longest river. An area of more than 80,000 hectares (200,000 acres), much of it virgin rain forest, will be cleared out to accommodate the dam.

Environmentalists allege logging has already caused severe soil erosion. Locals say ten years ago the river, nearly a mile wide in places, is a muddy brown colour and there are few fish. Water levels fluctuate wildly. The government seems determined that Bakun will go ahead but is waiting for Ekran to submit an environmental impact study on the project. It has yet to decide whether that study will be made public.

UN to discuss war in Yemen

By Eric Watkins in Aden

The United Nations Security Council will tomorrow discuss Yemen's month-old civil war following a joint appeal from Egypt, Saudi Arabia, Kuwait, Oman, Bahrain and the United Arab Emirates.

Though the outcome of the meeting remains uncertain, the fact it has been called appears to serve South Yemeni political interests. Indeed, the appeal from the six nations now suggests implicit recognition for the new southern government in spite of objections from northern leader General Ali Abdullah Saleh.

Support from the six Arab nations follows intensive diplomatic efforts by the south over the past month and is widely viewed as a political coup for the break-away state.

Shortly after the start of hostilities on April 27, Gen Saleh and other northern leaders warned the international community against attempts at mediating, saying it would amount to meddling in Yemen's domestic politics. Those warnings were repeated last week when Saudi Arabia initiated the current proposals.

Supported by his political allies in the fundamentalist Islah party, Gen Saleh claims to represent constitutional legitimacy in the country and has vowed to crush what he calls rebellion by the south. He is unlikely to heed any international objections, especially if he entertains hopes of a military victory.

The prospects of such a northern victory, though, appear less likely with each passing day. To win the war Gen Saleh had to capture Aden and other key regions of the south. A month ago, he boasted of easy victories. But northern troops attempting to enter Aden have met with stiff resistance and advanced only to 60km from the city.

Lacking any air cover, Gen Saleh's troops approaching Aden from the north have been exposed to relentless bombing and strafing by southern jets while those approaching from the east and west have come under heavy naval bombardment from southern ships. Stalled in efforts to reach the southern capital, Gen Saleh last week opened a new front to the east, aiming to capture the oil fields of the Wadi Hashr region, some 70km north-east of Aden. But southern leaders were untroubled by the new northern thrust, saying that Gen Saleh was over-extending his forces and making them easy prey to counter-attack.

It's rare to find a tax-free haven with guaranteed growth

NO WONDER SO MANY INVESTORS KEEP SWISS PLUS PRIVATE.

- Multi-currency annuity investment with favourable fixed rate of interest
- Guaranteed growth, with no tax or redemption fees to pay
- Extra annual dividends to boost your investment
- The opportunity to take advantage of strong currency exchange rates
- Access to all or part of your capital whenever you need it
- All the privacy of a Swiss investment account

Reply today and receive a FREE subscription to JML's Money & More.

Published 4 times a year, this informative newsletter keeps you up to date on topics of interest for the international investor. It includes European views of world developments and a forecast of new investment opportunities in Switzerland.

YES, I am interested in learning more about Swiss Plus. Please send me a FREE information pack immediately.

NAME _____ COUNTRY _____

STREET _____ DATE OF BIRTH _____

CITY _____ FAX No. _____

STATE _____

ZIP/POST CODE _____

FT CURRENCY EXCHANGE RATES

supplied directly to your PC

FINSTAT Electronic Currency Feed

With FINSTAT, you have direct access to the Financial Times currency tables - online or on disk. No more keying data into your system or clipping and archiving daily tables.

FINSTAT delivers data the evening before it is published in the FT

- FINSTAT will give you:
- Sterling & US dollar exchange rates
 - Spot and forward rates
 - Euro Currency interest rates
 - ECU exchange rates
 - Historical data
 - Spreadsheet compatible
 - Full Helpdesk support

Ensure Accuracy - Save Time

For information on FINSTAT contact Karen Bidmore on:

Tel: +44 71 873 4612 Fax: +44 71 873 4610

FINSTAT

Number One, Southwark Bridge London SE1 9HL

Growth forecast suggests stronger upturn

By Peter Norman,
Economics Editor

The Treasury is likely to revise upwards its forecast for UK economic growth this year on the strength of increasing evidence that activity has withstood the impact of April's tax rises.

Treasury economists are drawing up a new forecast for publication around the end of next month. It is expected to upgrade last November's Budget forecasts for 1994 of 2.5 per cent growth of gross domestic product and 2.25 per cent growth for GDP minus oil and gas extraction.

Economic indicators for April, published this month, suggested that the economic upturn is gathering strength. This trend is likely to be confirmed by early data for May, due this week.

Economists expect Bank of England figures tomorrow will show that seasonally adjusted growth of M0, the measure of "narrow" money - comprising mainly coins and banknotes in circulation - accelerated to about 7.1 per cent in the year to May from 6.3 per cent in the year to April.

M0 is regarded as a useful guide to the trend of retail sales, which grew strongly last month in spite of the

entry into force of increased direct and indirect taxes. At about 7 per cent, M0 would be growing at nearly twice the rate of the government's 0 per cent to 4 per cent "monitoring range" for narrow-money growth this year.

The Chartered Institute of Purchasing and Supply is due to publish its purchasing managers' index on Wednesday. This indicator, which is based on techniques developed successfully in the US, is also expected to point to further increases in activity.

The forecasters' consensus of near-term growth prospects has been creeping upwards in recent weeks.

A Treasury survey of 82 new independent forecasts in May found that the average expectation of growth was 2.7 per cent for this year and 1995 compared with 2.6 per cent for each year in April.

The recent report of the Treasury's panel of economic advisers - the so-called "six wise men" - produced average GDP growth forecasts of 2.9 per cent for this year and 2.8 per cent in 1995.

With growth projections ranging from 2.6 per cent to 3.4 per cent, each of the advisers forecast that growth this year would exceed the November Budget prediction.

Seasonally adjusted figures from the Central Statistical Office last week showed that first-quarter GDP was 2.6 per cent up on the first quarter of last year and 0.7 per cent higher than in the final quarter of 1993.

However, after removing buoyant oil and gas extraction from the figures, economic activity only recovered in the first quarter to the average level of 1990.

First-quarter GDP, excluding oil and gas, was 0.6 per cent higher than in the final 1993 quarter and just 2 per cent up on the first quarter of last year.

Britain in brief



Poll boost for Blair and Beckett

A joint leadership ticket of Mr Tony Blair and Mrs Margaret Beckett was being promoted within the opposition Labour party yesterday as three potential candidates for the leadership outlined their vision for a future Labour government.

The latest opinion poll showed overwhelming support for Mr Blair, shadow home secretary, to become leader, and Mrs Beckett, the deputy leader, to keep her post.

The poll, compiled by the BBC, included elements of all three of the electoral college of MPs and MEPs, levy-paying trade unionists and constituency parties. It showed Mr Blair with 48 per cent against 17 per cent for Mr Gordon Brown, Labour's shadow chancellor. More than 40 per cent wanted Mrs Beckett to continue as deputy leader.

The contest will not start officially until after the June 9 European elections.

Scientists warn on overgrazing

Overgrazing is damaging heather moorland across most of the uplands of England, according to English Nature, the government's statutory adviser on nature conservation.

Large amounts of heather moorland have been lost since the 1940s due to sheep grazing, a survey by scientists at English Nature showed. In Cumbria, about 36 per cent of upland heather had disappeared by the late 1980s. The same percentage of heather moorland was lost in the Northern Peak District between 1913 and 1973, most of it since the 1940s.

Police pressure for drugs policy

The government was facing growing pressure yesterday to launch a major education campaign in a bid to counter the soaring use of drugs as police chiefs renewed their call for attention to be switched from supply to demand of drugs.

Mr Keith Hellawell, the chief constable of West Yorkshire and chairman of the chief constables' committee on drugs, stepped up pressure for government action against the growing demand for drugs.

Mr Hellawell, who has suggested that cannabis might be legalised at some point as part of a new approach to drugs, is to chair a chief constables' conference on drugs starting on June 8.

Managers turn to altruism

British managers like nothing more after a hard day at work in the caring 1990s than to start managing again, it seems - but this time for no pay and to help others, according to a survey of 8,000 members of the Institute of Management published today.

More than half of the 857 managers who replied to the survey said they undertook some form of voluntary work in the community. Two-thirds of those who did not do community work said they would like to.

Just one in 10 managers admit that they are seeking to make social or business contacts. Most told the survey they volunteered from a sense of social responsibility and a feeling of satisfaction from helping others.

GP's see more stress cases

Britain is the grip of a "stress epidemic", with family doctors often talking over the counselling role of parish priests, according to a report published yesterday.

A bleak picture of the country's moral and mental well-being is painted in a survey in the British Medical Association News Review.

A survey of 650 general practitioners showed that more than 80 per cent said the number of patients with stress-related problems had increased significantly over the past 15 years.

'Moribund' Noraid ignores US court order

By Jimmy Burns

Noraid, an organisation once stigmatised as the Irish Republican Army's main fund-raising arm in the US, is openly defying a court order to file regular reports with the Department of Justice in Washington.

However, officials at the department say Noraid is no longer of concern - they describe it as "moribund" - and they are prepared to turn a blind eye to its failure to file.

Under the US Foreign Agents Registration Act, Noraid has been required since the mid 1970s to give details of its fund-raising activities at least twice a year.

But Noraid has not filed with the Justice Department for three years. The last recorded file covers 12 months ending July 1991 and is incomplete.

Mr Martin Galvin, a lawyer and Noraid's spokesman, says the organisation's leadership has no affiliation or relationship with the IRA. He says its sole purpose is to contribute funds to families of political prisoners and to lobby in the US for a united Ireland.

In an interview in New York, Mr Galvin said: "We don't believe we are required to register under law. We are not agents of the IRA. We are Americans who under the US

constitution's First Amendment have the right to express our views on Ireland."

A similar assertion by the previous leadership of Noraid led to a lengthy legal battle in the late 1970s between the organisation and the Justice Department. In 1981, it resulted in a judicial decree confirming Noraid's links with the IRA.

Thirteen years later, the Department of Justice has no plans to take Noraid to court over its apparent defiance. Officials argue that to do so would risk generating renewed support for the organisation when its finances are dwindling.

Justice Department officials say they have not carried out a formal audit on Noraid's accounts since the mid 1970s. British and American intelligence sources currently estimate that the fund-raising effort has dipped from a high of nearly \$1m a year during the hunger strikes in the early 1980s to between \$100,000 and \$200,000.

In the last accounts filed at the Justice Department, Noraid claimed it had raised \$1.8m in the 12 months to July 1991. Government officials say the figure is artificially inflated to mask the financial weakness of republican groups in the US.

Search for support, Page 13



As religious figures, opposition parties and charity groups dealing with the homeless attacked prime minister John Major's recent description of Britain's beggars as "an eyesore", homeless people marched through London yesterday to commemorate those who had died on the streets. Weekend reports indicated that one in four single homeless people has served in the armed forces.

Tories argue over single currency

By Roland Rudd

Sir Leon Brittan, European Union commissioner, yesterday predicted that the community would back a single European currency and warned that the issue would not go away.

His comments on the controversial policy were immediately refuted by Sir Christopher Prout, leader of the Conservative MEPs, and Conservative Central Office.

Mr John Major's advisers were irritated by the intervention of Sir Leon, the former

Conservative trade and industry secretary, in the middle of the European elections.

The prime minister has said he does not believe that a single currency will come in his life time.

In an interview with the BBC, Sir Leon, referring to the single European currency, said: "Where people in Britain would make a great mistake is if they think that it is not going to happen."

"It is going to happen and since the collapse of the exchange rate mechanism in

its old form, the fact is that most of the countries of continental Europe are keener than ever to go ahead with a single currency."

Sir Christopher dismissed Sir Leon's predictions, saying the moment for a single currency had come and gone. He made it clear that while the government was not opposed to the principle of a single currency it was up to the British parliament to decide if it wanted one.

However, he added: "There would be difficulty in getting

one through Parliament because of the deep seated opposition to it in the country."

Sir Leon said the fact that the rest of the EU was moving towards a single currency did not mean that Britain had to follow suit. "But it is important that we do not think it is going to go away and not happen."

He denied that there was a need for concern because Britain had the option of a single currency but not the obligation.



Michael Woo, Sales Office Manager, Chemicals, Singapore.

I'm yours

"My Singapore office covers the fastest developing countries in the world. We have to compete not only with multinational companies, but also with local companies that are upgrading rapidly. For a western company to succeed here, it's vital to have

a long-term vision and commitment, plus the flexibility and open-mindedness to seize opportunities and come up with creative proposals. My staff and I have a double function: to be the eyes and ears for our business units in the West, and to be on our

toes to serve our customers in the East. Our first priority is to become partners to our customers. In Asia, it's even more true than in other parts of the world that you've got to create the right chemistry in your relationships before business is done."

Akzo Nobel is one of the world's leading companies in selected areas of chemicals, coatings, health care products and fibers. More than 73,000 people, active in 50 countries around the world, make up the Akzo Nobel workforce. For more information, write or call Akzo Nobel nv, ACC/PB, P.O. Box 9300, 6800 SB Arnhem, the Netherlands. Telephone (31) 85 56 22 66.

CREATING THE RIGHT CHEMISTRY

AKZO NOBEL



FINANCIAL IZVESTIA TALKS BUSINESS TO 300,000 INFLUENTIAL RUSSIANS EVERY THURSDAY.

Financial Izvestia is an 8-page weekly business newspaper produced by the Financial Times in partnership with Izvestia, Russia's leading independent daily.

Printed on the FT's distinctive pink paper, it accompanies Izvestia every Thursday.

Drawing on the huge editorial network of both newspapers, it brings up to the minute, accurate, national and international news to 300,000 decision makers in Russia. News from around the world that impacts upon the Russian market, making Financial Izvestia an essential and unique business tool for those shaping the new Russia.

To find out more about advertising to these influential people call Ruth Swanston at the Financial Times in London on 44 71 873 4263 (fax 44 71 873 3428), Stephen Dunbar-Johnson in New York on 1 212 752 4500, Dominic Good in Paris on 33 1 42 97 06 21, Sarah Pakenham-Walsh in Hong Kong on 852 868 2863.

BACK TO THE FUTURE

3M is using 'empowerment' long before it became fashionable. Martin Dickson on the company's formidable reputation for innovation

At 3M, the US manufacturing giant, they never tire of telling one another - and anyone else who will listen - the remarkable story of Richard Drew and William McKnight.

Drew was an enterprising young 3M laboratory assistant in the early 1920s who had a great new product idea: a glue-covered paper which would make it easier for car manufacturers to paint their vehicles without the colours running.

McKnight, his boss at what was then a humdrum sandpaper manufacturing business, was unimpressed and suggested he drop the research. Drew persisted and invented masking tape - the first of the family of Scotch brand sticky tapes which transformed the fortunes of the business.

A chastened McKnight - who as company president played the crucial role in forming the company's shape and culture - proclaimed that from now on all 3M laboratory staff would be free to devote 15 per cent of their time to research of their own - a guideline that persists to this day.

And in 1941, in a paper spelling out 3M's management philosophy, he declared that employees must be allowed to perform their work in their own way - a principle which anticipated by 50 years the current management fashion for worker "empowerment".

People would make mistakes, McKnight declared, but in the long run these would not be as serious as "the mistakes management will make if it is dictatorial and undertakes to tell those under its authority exactly how they must do their job".

The tale is of more than historic interest. 3M managers use it frequently both to explain and reinforce the extraordinarily strong corporate culture which has made the group one of America's most innovative businesses, manufacturing more than 50,000 products, ranging from aerosol inhalers to film, video

tape and home cleaning sponges. "The culture is innovative," says William Coyne, vice president for research and development, "but management has to continue clearly defining that, for example by revisiting the successes of the past." It is no accident that a corporate video sent out this year to subsidiaries around the world opened by quoting McKnight's 1941 remarks.

3M's inventiveness means that it consistently ranks in surveys of businessmen as one of the most admired corporations in the US. It was also prominently featured as one of the country's best-run companies in the early 1980s best seller *In Search of Excellence* by management guru Tom Peters.

Such accolades, and the pride that accompanies them, can often be the prelude to a fall - as graphically demonstrated by the management upheaval over the past two years at struggling IBM, another *In Search of Excellence* star.

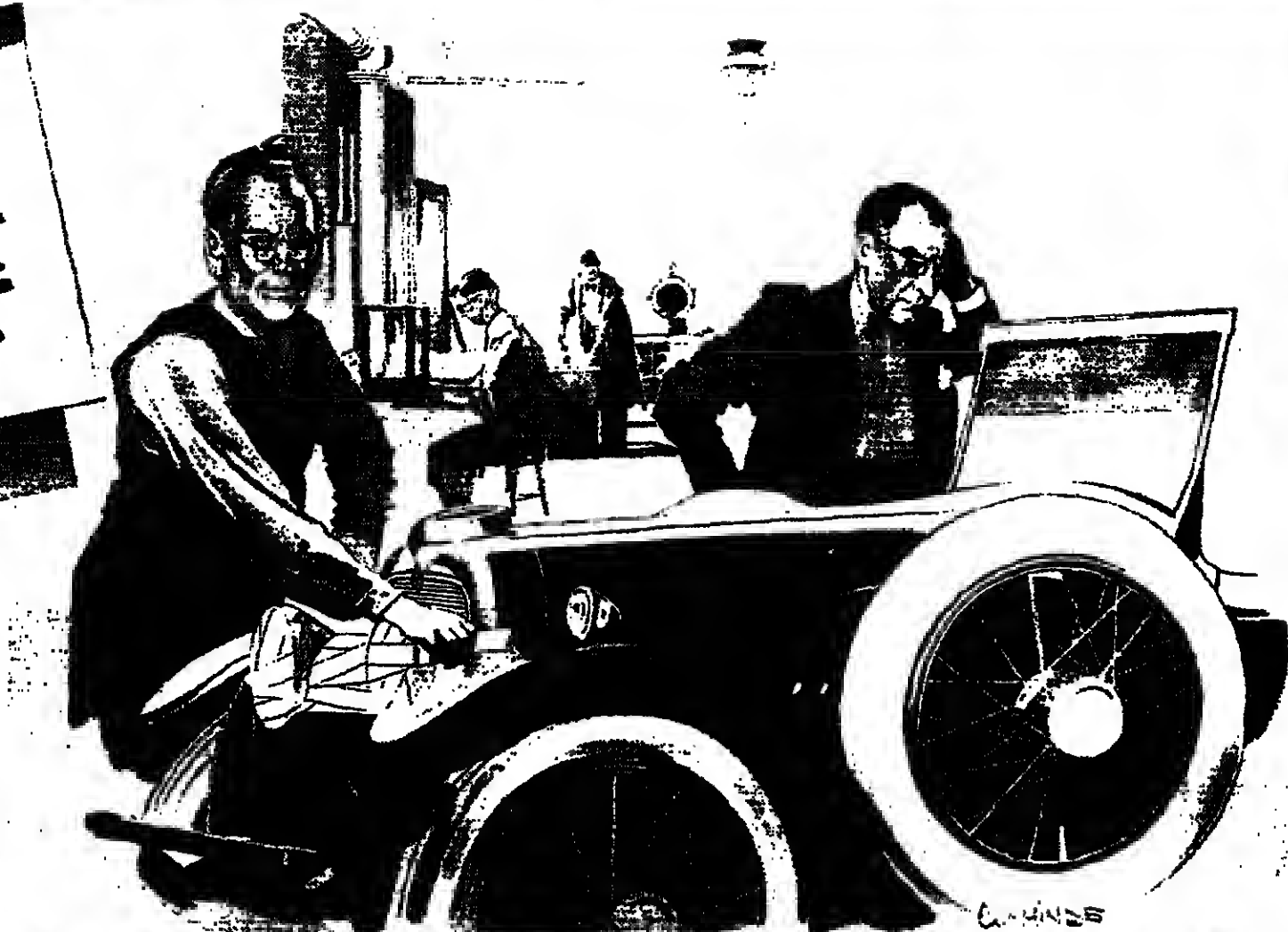
But over the past decade 3M has quietly kept up its solid growth,

Accolades, and the pride that goes with them, can be the prelude to a fall

without the fuss, managerial upheaval or vast write-offs common at some big US corporations, from its headquarters near Minneapolis/St Paul - a land of freezing winters and hot summers on the edge of the Great Plains which fosters down-to-earth Mid-western values rather than corporate pretension.

True, its financial results over the past five years have been unexciting, falling short of its own goal of earnings per share growth averaging at least 10 per cent a year.

But this is mainly because 3M is a quintessentially cyclical company, whose earnings rise and fall with the economy of the US - and



Richard Drew (left) had a great idea: a glue-covered paper which would make it easier to paint cars. His boss, William McKnight, was unimpressed

increasingly that of the world, since some 50 per cent of its sales are now overseas, up from 37 per cent in the mid-1980s.

As the US economy strengthens, and Europe emerges from recession, analysts are predicting earnings per share growth of around 8 per cent this year and 16 per cent in 1995.

However, there can be no room for complacency at 3M, which faces two central management challenges in the 1990s if it is to retain its enviable reputation.

Intense international competition in most of its markets means that customers have come to expect excellent service at very low cost, making it harder for manufacturers to claw back through price increases the impact of inflation on their manufacturing costs.

This pressure on margins means 3M has to improve constantly its productivity in manufacturing and distribution, while trying to steal a march on rivals with the invention of new products which, in the words of R&D chief Coyne, "change the basis of competition". As an example, he cites a new kind of reflective material which 3M says is three times brighter than that previously used on road signs.

"We have to continue creating," says Lívio DeSimone, the chemical engineer who has been 3M's chairman and chief executive since November 1991, "but we must bring this more efficiently to the hands of the user. This is the hot topic for us today - and for all those who've got their eyes open and want to survive."

Some Wall Street critics argue that 3M has been too slow to cut manufacturing costs in Europe, where it has been gradually lowering employment through attrition and early retirement.

But Doug Hanson, who heads the region, points out that forced redundancies involve particularly heavy severance costs in Europe and drastic cuts in the workforce are simply not 3M's style.

"We always want to do right by the people that leave, because if you don't, the rest of your people are going to be concerned."

Whatever the restructuring record, there can be no doubting 3M's resolve to keep new ideas coming. For many years it had a target - emulated by several other large US companies - that at least 25 per cent of its annual sales must come from products which had been on the market for less than five years.

But two years ago, in the light of increasing competition, it decided to raise the bar. Now 30 per cent of sales should come from products less than four years old. Over 25 per cent did in 1993, and this year 3M hopes to achieve the new target fully for the first time.

This impressive record is due to several factors. Arguably the most important is McKnight's cultural legacy. His 15 per cent rule remains an important company creed (though far from all the group's 8,500 technical staff spend so much time on their own projects).

One of the group's most celebrated inventions in the 1980s - the Post-it Notes which people stick to

computer screens - was dreamed up by researcher Art Fry in 15-per cent time, though he was initially trying to create a hymn book marker.

Coyne recalls that when he first joined 3M as a junior researcher, "I became convinced in less than a day that this was a company which expected me to make a difference as an individual."

But the culture also encourages the cross-fertilisation of ideas between 3M's more than 40 business units. Much of this is done through informal networking, for example through an employee-run technical

forum, which runs a series of lectures by inside and outside speakers.

Technicians are also encouraged to get out and meet customers, on the grounds that the best ideas - such as Drew's masking tape - come not from sitting in a laboratory but from identifying unarticulated customer needs.

Cross fertilisation is also reinforced by official bodies, such as 3M's little-publicised audit teams. Their primary function is to assess the commercial potential of laboratories' new product programmes. But as they go round the group they often come across develop-

ments in one lab which can be helpful to another.

There is also a complex system of awards for new ideas, though the company generally eschews financial bonuses for inventions, on the grounds that getting them to market involves extremely complex corporate team-work.

The culture is also underpinned by 3M's low turnover among research staff and the company's insistence on growing top management from within the company.

3M's R&D effort is hardly flawless. Coyne is concerned about productivity, noting that R&D spending is 7.3 per cent of group sales, compared with a target of 6.5 per cent. Other senior officials express concern that inventiveness could be stifled as the group gets bigger.

But this willingness to engage in self-criticism, and benchmark against other companies, may be an important reason why 3M is still expanding healthily, unlike some other corporate superstars of the 1980s.

DeSimone also attributes its lack of complacency to the immense diversity of its product portfolio, which means it has to compete across an unusually broad front against top-notch rivals, such as the Japanese in memory media, Johnson & Johnson in healthcare and Eastman Kodak in film.

"If we have any arrogance we work hard at not retaining that trait," he says. "It's always been a killer in the long run - but it's a very quick killer these days."

DESERT ISLAND MANAGER

Richard Branson

After losing the competition last week to run the UK's national lottery and failing to persuade the Radio Authority to create a new FM national frequency for his pop station, Richard Branson probably needs a spell on a desert island. He is no stranger to desert island living. Necklor in the Virgin Islands was uninhabitable when he bought it 12 years ago. Now it is one of the most exclusive retreats in the Caribbean.

What would you need, apart from fax and telephone, to carry on your business?

"Thoughts of essentials for my occasional weeks of blissful isolation on Necklor would be pretty similar to those I would want as a mythical desert island manager. I would need for a global satellite TV system with Sky, CNN and the BBC World Service. Armed with all that and a stock of trusty black A4 notebooks, I think I could keep the business under control."

How would you keep your sanity?

"Given that the public relations machine at British Airways wrote me off in the safety department at least four years ago, I have long since lost interest in worrying about the question. As one diversion, I would probably use my spare notebooks to start a journal and diary of our lives. As another exercise, I would enforce some sort of physical routine, such as building a tennis court. It is my favourite sport."

You can choose one sort of food and one sort of drink, what and why?

"Assuming we have water on the island and that fruit is growing, the two unmissable essentials would be baked beans and good beer - although it would be a toss up between beer and champagne."

And one film?

"It would have to be *Boromir*, starring Alain Delon and Jean Paul Belmondo, it fits the bill. It brings back memories of my teenage years and was a favourite of both myself and my first partner in business, Nik Powell."

Which person would choose to accompany you?

"I could not consider life without the family so I have to assume they are coming. My one other person would be Karl Marx. We both have beards and moustaches in common and discussions on the merits of capitalism versus communism would take on new significance if we both had to work to survive."

Which book would you take?

"It would be James Clavell's *Tai Pan*. I am told it is an interesting novel and I started it just after Virgin's Hong Kong inaugural flight but have not had a chance to read it since."

Branson insisted on one final condition for desert island living.

"I would immediately establish a national lottery on our island. It would be fun, help Karl to understand a bit more about capitalism and, of course, there would not have to be a competitive tender to win it."

Paul Burt

No such thing as a free opera ticket

At the weekend they were hobnobbing among the sheep at Glyndebourne. Last Monday night they were hard at it among the begonias at Chelsea. The season is upon us when business executives and their contacts get together in style.

Far from disapproving of all this junketing, I love it. On the - regrettably few - occasions that I have been on the receiving end of corporate hospitality, I have had a splendid time. Two weeks ago my husband and I were taken to Covent Garden by BP. We had good seats and nice champagne and smoked salmon. It was all most pleasant.

What puzzles me about this hectic entertaining is why companies do it. Why did Enterprise Oil invite 200 people and their spouses to a private snook round Chelsea on Monday, followed by a lavish meal? Why do 300-odd companies pay up to £20,000 a year to take a few guests to Glyndebourne? Surely in this age of sleek and professional management, no one takes decisions based on Wimbledon tickets or a box at Ascot. Could it be that

the season has become an institutionalised perk for senior directors?

When you ask most companies about their entertaining they will not talk numbers; in fact they will not talk at all. Off the record they will mouth platitudes about building relationships, and point out that the money from some of these events goes to charity.

Not all companies are so coy. Michael Prideaux, of BAT Industries, provides the most sensible solution to the puzzle. He says corporate entertaining works subtly at the margin. There is nothing you can do to persuade an institutional investor to go on holding your shares. But if you have just treated them to a nice day out, they may be more willing to hear your side of the story before flogging them.

I expect he is right. The system works because we are all human. Perhaps I should think twice before saying anything untoward about BP.

When a woman in a position of power starts making unpopular decisions the chances are that someone

LUCY KELLAWAY

will unfairly accuse her of sleeping her way to the top. Such was the sad fate that last week befell the intelligent and likeable Clare Spottiswoode, director general of Ofgas.

The less said about that incident - or non incident - the better. Yet I wonder if the sordid story might contain a warning to the business world. The tabloid press is endlessly fascinated by who is sleeping with whom, and being fed up with the affairs of MPs it may be shifting its attention towards commerce. Spottiswoode - who spans the two worlds - could be a first step.

If businessmen in the past have escaped attention it is not because they are considered out of bounds - witness Ralph Halpern and his

blimbo - but because they are not well enough known. Now that many of our captains of industry are becoming increasingly famous (as well as increasingly rich) all the ingredients for a nice tabloid sex scandal are there. I put it to the editor of the Sun, who said he couldn't possibly comment. Perhaps that means he'd love to break a few such stories, but is having a bit of trouble coming up with any.

While the private lives of executives is a subject for the prurient only, the same can not be said about their pay. The bad publicity any director can expect over an immediate rise is doing more to moderate

pay rises than any number of (dubiously independent) committees.

Yet not all those who receive a public flogging deserve it. Take last week's revelation that Alan Jackson, chief executive of BTR, has a guaranteed floor under his basic salary. I can't see anything wrong with that - most of us assume our basic pay will not fall. Of course, bosses' total pay should go up and down with performance: but the basic salary should be small and fixed and the bonus generous when the company is doing well; not exist when it is not.

Likewise, I can't get too excited about the revelation that Lasmo's AGM last week that its part-time ex-chairman and deputy chairman were entitled to a pro-rata payment of £700 a day if they worked more than a certain number of days a year. As a part-time worker, I think it is fair to be paid extra for extra work. I am less sure about whether those gentlemen deserved such high salaries to start with.

There is something deeply revealing

about the way in which people lose, especially those who are used to winning. Lord Young, chairman of Cable and Wireless, and Richard Branson of Virgin evidently thought that they were on to a winner late last year when they smugly posed with the racehorse Desert Orchid to launch their bid for the national lottery.

Now that they have lost we are seeing another side of their personalities. Branson is taking it like a spoilt child, having his picture taken sulking on the steps of his Holland Park home, and ripping up the fax that bore the news. Lord Young, in line with his smooth image, has delicately withdrawn into the background as if nothing had happened.

Full marks, then, to their lobbyist, Des Wilson. According to the inveterate campaigner, who treats every day as a personal victory, the Branson-Young bid should not be seen as a failure at all. Their intervention resulted in other commanders promising to pay more money to charity. And that was the whole point, right?

DON'T JUST
UPGRADE YOUR
SEAT, UPGRADE
YOUR AIRLINE.



Continental Airlines

FIRST CLASS COMFORT FOR A BUSINESS CLASS FARE.

Airline	Business Class Sleeping Seat	Business Class Pitch
American	NO	40"
Air France	NO	38"
British Airways	NO	40"
Continental	YES	38"
Delta	NO	41"
Lufthansa	NO	40"
United	NO	40"

Schedules current at time of going to press and apply to services in direct competition with Continental. *Seating March/April 94.

Flights from London, Paris, Frankfurt, Munich and Madrid to New York, Houston and Denver and on to 130 U.S. cities.



WORKING LIFE/SPORT

READING MATTER

The Chamber

John Grisham, the lawyer turned blockbuster thriller writer, made his name and his millions writing books with titles like *The Firm* and *The Client*.

Now we have *The Chamber*, which at first sight should be called *The Formula*, because it starts by conforming to the well established Grisham pattern.

It takes us swiftly into the main event, in this case a Ku Klux Klan bombing in the 1960s which kills a Jewish lawyer and his two young sons. Twenty years later, the man sentenced to death for the crime faces the gas chamber. A young, talented but independent lawyer from an underprivileged background, working for big time law firm, volunteers for the apparently hopeless case. The twist: the old racist prisoner is his long lost grandfather.

The first hundred pages are dramatic and promising. But thereafter the book should be retitled *The Mess*, or more accurately *The Long Mess*, because Grisham wrote it.



Wired up

It can lay reasonable claim to being the trendiest magazine in the world. What *New Musical Express* and *Rolling Stone* were to the rise of popular music, a new US magazine called *Wired* aims to be for the emerging world of multimedia. In the 1980s *Rolling Stone* and *NME* were essential for young rock fans who each week bought LPs to play on the mono record players in their bedrooms. *Wired* aims to be the essential accessory for a generation brought up with the personal computer, electronic games and e-mail.

Launched in January last year, with 12 full-time staff and only \$250,000 of capital, *Wired*'s circulation has risen from 150,000 to 230,000 copies a month, mainly in the US.

Its success rests on making the cyberspace world of the computer nerd accessible to the average consumer. It offers an informed and exciting guide to

the new products, services and businesses which are being created by the convergence of computers, telecommunications and entertainment.

The magazine's trick is that it approaches this often intimidating world from angles which will satisfy novices and specialists alike. Its apparently chaotic design borrows heavily from style magazines such as *The Face*. It has its very own grammar: each article ends not just with the writer's name, but also their e-mail address on the Internet networking system. Yet it's not afraid of being mainstream.

It carries meaty articles which would grace a staid business magazine. Recent issues have included long pieces about the US government anti-trust case against Microsoft and the battle between MCI and AT&T in long distance telecommunications, for instance.

Jane Metcalfe, the magazine's 32-year-old president and co-founder explains: "We wanted to make a magazine for really modern people living in a digital, electronic world. All these technologies can allow people to take power themselves."

She and her co-founder, Louis Rossetto, spent their savings and almost two years hawking the project around US publishers before they got their launch finance. Now they employ 52 people and sell in 26 countries. *Wired* is also about to go international in a big way, with a recent deal to start a Japanese language edition and rapid expansion planned in the UK and continental Europe.

In the UK, *Wired* is distributed by CoMag Tel: 0895 444055.

By Charles Leadbeater

The Chamber, by John Grisham. Century, £15.99 pp456

JOBS

School's out at Allied-Lyons

How do you train a group of busy part-time workers, of varying ages, literacy and backgrounds? One way is to let them teach themselves with the help of a computer.

Allied-Lyons Retailing, part of the UK food and drink group, says it is the first brewer to introduce on-line, interactive, computer-based training as a tool to improve service in its pubs, which employ a high percentage of part-time staff.

More than 20 outlets in London already have the open - or distance - learning system, and it is intended that by the end of the year it will be available in all Allied's 2,000 retail outlets.

"It is difficult to get part-time workers together to train," says Mr Richard Lowe, the group's head of retail marketing. "So we have designed a computer-based system into which staff can dip."

Individuals signing on to the interactive system are informed about their group and then offered a number of quizzes over how the best service is provided. A second package, looking in more detail at health and safety issues, is to be introduced soon.

Open learning has been used for some years but is now being applied to more diverse needs. A recent survey found the system - used by employers as diverse as Rover and Rank Xerox - to be one of the fastest growing forms of training delivery in the UK.

The reasons for this are fairly simple: it is relatively cheap, compared with conventional training; it is flexible; and it can provide effective training without the need for employees to take regular time away from their workplace.

Employees seem to like it too as it can offer courses that are "tailor-made" to their needs. Users ranging from those requiring basic skills, such as bar staff, to those wanting to learn complex tasks, such as British Telecommunications explaining the introduction of a new technical system to every manager in the country.

BT says: "Normally this would have meant a day off work to attend a training session, at a cost of at least £150 a head. By presenting the information on a videodisc, which managers could view quickly, locally and at a convenient time, we reduced the cost of the exercise to £15 per manager."

By Lisa Wood



EATING OUT

Where to find the best Chinese meals in London

London's Chinese restaurants originated to feed sailors who manned ships from the Far East. Hence, the first eating houses of this type were along the Thames.

Today only Chinatown (387 2330), Tai Pan (791 0118), Old Friends (790 5027) and Young Friends (387 4276) remain in the Limehouse area of London's East End.

In the interim, Chinese restaurants have spread throughout London. Among the more expensive are the Oriental in the Dorchester Hotel, W1 (629 8888), which has a Michelin star, Imperial City in the Royal Exchange, EC3 (626 3437), where Ken Hom the well known American/Chinese chef is consultant, Pooms in the City, EC3 (626 0126) and the Inn of Happiness, St James's Court Hotel, SW1 (821 1531).

These are Chinese restaurants at which you can certainly impress business guests. The service has none of the abruptness that can characterise cheaper Chinese restaurants but the bill can be the equivalent of that in a top French or Italian restaurant - £30 to £50 per head - particularly if you are lured into ordering one or more of their specialties - abalone, shark's fin or a whole Peking duck - or leave the choice of the menu to the manager. (If you do this, always specify a maximum price per head.)

The highest concentration of Chinese restaurants is now in London's Chinatown, an area of the West End delineated by Shaftesbury Avenue to the north, and Lisle Street to the south, with

its borders along Wardour Street and Charing Cross Road. The main thoroughfare is the pedestrianised Gerrard Street which boasts a host of Chinese food shops (including Chinese sweet shops), as well as several good restaurants, particularly Harbour City (439 7120), London Chinatown (437 3186) and Lee Ho Fook (437 1829).

The many Chinese restaurants in the area fall into three loose categories. First, those which offer an extensive lunch and dinner menu. The most interesting of these are: Fung Shing (437 1538), Mr Kong (437 7341) and Pooms (437 4548) of Lisle Street; Ming in Greek Street (734 2721) and the Mayflower on Shaftesbury Avenue (734 9207).

Then there are those cavernous restaurants which at lunchtime serve Chinese dim sum. These tend to be noisy but good value, particularly for entertaining large groups, as the average price of each dish is low. The New World in Gerrard Place (734 0390), Cheam Chang Ku in Wardour Street (437 1388), China Court in the Swiss Centre (424 0108) and Tai Wing Wah in Newport Place (287 2702) are among the most popular.

Finally, almost all these restaurants offer a "one dish" meal for the adventurous but single diner. Try the tiny branch of Lee Ho Fook, in Macclesfield Street, for a large bowl of duck and noodles or pork and rice that, with a pot of Chinese tea, will leave change from 15. Or pay 95 at Pooms, in Leicester Street (437 1828), for a large earthy bowl of steamed rice cooked with eat steaks and black bean sauce. This was so warm and filling it seemed to dry my very wet feet.

By Nicholas Lander

HEALTH

How to do battle with jet lag

Not for nothing are overnight flights known as "red-eyes". But reducing the negative side-effects of long distance flying is possible. One of the most important things a traveller can do, says Dr Gill Lea, of travel company Trailfinders, is to sleep as much as possible on the journey.

Trying to pre-empt jet lag by setting watches to a new time zone in advance, changing diets or undergoing high-tech light treatments to change the body's circadian rhythm are really not very helpful, she says.

Dr Lea believes a disrupted personal body clock is an inevitable consequence of moving through time zones. Sleeping at the other end is still the best remedy for jet lag and general travel weariness.

As far as time permits, business travellers should adapt their schedules and book a flight which arrives as close as possible to the flier's bedtime. Generally, the body needs 24 hours to adjust to a new time zone, and important business decisions should be postponed as long as possible after arrival.

Other effects of long-haul flying can be dealt with on the plane. In the air, the body tends to dehydrate and drinking plenty of fluids is crucial during a flight. While free cocktails in first class are very tempting, these have a dehydrating effect and travellers should alternate alcohol with water or soft drinks.

Sitting for five to fifteen hours - even in a roomy business class seat - can cause the body to stiffen, and the increased pressure of the flight cabin tends to swell the ankles. Travellers should get up and walk around, and remove shoes with caution. Remember you need to be able to get them back on at the end of the flight.

If walking around the cabin every 20 minutes seems excessive, Dr Lea recommends that passengers lift their knees off the seat and wiggle their feet up and down at the ankles. Lifting the thighs off the seat allows blood to flow back up from the ankles and can reduce swelling.

As part of their campaigns to woo business customers, several airlines have launched programmes and products to relieve passengers of the physical inconveniences of travel. Japan Air Lines produces a special drink which it calls "Sky Time" - a combination of kiwi juice and royal jelly - which promises to help passengers "enjoy their flight". It is a more relaxed mood and arrive at their destinations full of energy. JAL also offers a honeycomb mask for passengers to wear on their noses and mouths, in order to retain moisture in the nasal passage.

To keep travellers from stiffening up on the flight, JAL shows on the movie screens exercises that can be performed in the seats.

British Airways' Well-being in the Air package includes light meals, suggestions for exercises, "comfort kits", containing moisturisers and eye-compresses, and an audio programme to create a "sense of inner calm".

By Motoko Rich

BUZZ WORDS

Watchdog

Cave canem: beware of the dog. Watchdogs are roaming all around us. Last week Clare Spottiswoode, the British gas industry watchdog, got in a spot of trouble with MPs over an outspoken attack upon her predecessor. Another House of Commons committee called for the sacking of Joe Palmer, chairman of the Personal Investment Authority, "the planned watchdog to protect private investors" (*Financial Times*).

The watchdog post is growing the whole time, with everything from Oflet, for lotteries, and a railway regulator, to the Independent Television Commission, which beared its teeth last week, and the Securities and Investment Board for financial services.

The original watchdog was Cerberus, the three-headed dog which kept the shades in Hades. Now watchdogs are people who keep watch over sectors of industry, finance or government.

The word developed from the Oxford English Dictionary first usage in Shakespeare's play *The Tempest* ("the watch-dogges bark, bawgh-wawgh"), through its first modern usage in 1845 in *Encyclopaedia Metropolitana* ("now we feel the necessity for a set of guardian or watchdogs of the state") to a fixed meaning in 1910: "the Chancellor acted as watch-dog in front of the Treasury".

Americans dropped the hyphen to stop the tail wagging the rest of the word, although it was new enough to continue to use inverted commas into the 1950s.

British watchdogs have specific tasks, such as Ofgas and Ofwat for utilities, the Securities and Investment Board for financial services and National Audit Office for the public sector. Some are bred from government stock, others are mongrels from consumers and sectors of industry.

Strangely, the less dogginess the more watchfulness. The problem with the word centres on who is being guarded from what: this is rarely clear, since a watchdog both prevents intruders and escapes.

Some so-called watchdogs are thought to have failed to protect the public. So not all watchdogs are necessarily impartial, or independent, according to the *Economist* (April 30): "The Mollen commission's key point is likely to be the establishment of an independent watchdog to monitor New York's police department."

Away from the familiar language of barking and biting, a watchdog can "come under fire" (*Telegraph*, April 30) or find itself "launched to stamp out abuses" (*Daily Mail*, April 22). The watchdog metaphor only has a limited linguistic life: loyal dogs are not put down, but "de-recognised". "Lautro is due to be de-recognised as a regulator some time after the PIA is to become operational in July this year" (*Financial Times*, April 28).

By Andrew St. George

SPORT: LAURA THOMPSON



Brian Lara: the dream machine

ever-greater expectations of observers.

And yet one could not help imagining how it would have been if he had scored that sixth century, the happy sense of awe that would have united those chilly spectators who

were scattered around Lords, waiting to be entranced. People "want" Lara to do incredible things. His "sudden" emergence has had a miraculous aspect: the best batsman of his generation appeared as if from nowhere. His name scarcely known, his past untrammelled by years of grind, his future free to be glamorous and great.

To the English, whose own cricketers seem so shambolic, so wildly unpredictable - if only they'd had all the time, one sometimes finds oneself thinking, instead of merely 80 per cent of it - Brian Lara represents a glorious and simple certainty.

There might be an inward throbbing of pique, in the heart concealed behind the MCC tie, that it is not an English player who is being gloriously and simply certain. Essentially, though, Lara is the type of sportsman that transcends nationalism. It was hard to admire the Pakistani bowlers who, for all their daze, seemed full of spite; but Lara smiles politely at each inept ball as he sweeps it towards the sun, and displays a demeanour as impeccable as his cricket. No superfluous aggression communicates itself. Winning seems more like the incidental reward of genius than the supreme intention.

And so it is that, perhaps almost as much as West Indians, English cricket lovers see themselves in Lara. They see in him an under-

standing, as intrinsic as their own, of the game's inexplicable ethos; and they treasure this for its rarity.

After all, cricket is antithetical to the late 20th century, which is impatient, restless, egotistical and attuned to the concept of immediate gratification. In cricket the willingness to wait, to plan, to endure, to take a wider view, is just as important as the ability to attack: but today our characters are not formed to win wars of attrition, merely to zap the enemy as hard and fast as possible. Hence the emergence of the one-day game, which has infused cricket with a wherewithal that should only be part of the larger scheme.

But Brian Lara is above, or beyond, all this hysterical modernity: for all his youth and cool, his conduct is of an age when batsmen walked and bowlers did not try to knock your head off. His genius is such that it walks hand in hand with grace. He is, it would seem, that rare phenomenon: a sportsman who is totally at ease with his own talent.

With most of them, even the very greatest, one infers the strains, the sacrifices, the knowledge of the gap that has to be overcome between what nature has given their bodies and what they want their bodies to do. These inferences are a large part of what makes sport fascinating to watch: in them one can read a human drama. Yet occasionally, very occasionally, there will be a sportsman with what is almost the unconscious facility of a racehorse. Jesse Owens was probably such a one; perhaps Pele; Don Bradman, certainly.

This, though, is what Jack Hobbs - another great cricketer, but not in the racehorse class - said about Bradman: "The Don was too good. He spoilt the game because he got hundreds every time he played. I don't think we want to see another one like him."

Is there then, perhaps, a perfection that annihilates, that almost frightens because it seems to leave no room for anything more? This is what one sometimes feels watching Pete Sampras, another racehorse sportsman. Yet at other times, one exists in the knowledge that the

game could be played no better.

The perfect sportsman negates the competitive element which is essential to sport; perhaps he also negates the human element. Yet he is a magical figure in the imagination of those that watch him. Brian Lara is not, and perhaps never will be, the "run-getting machine" that Hobbs called Bradman. But people have seen in him the image of the perfect sportsman: and, taken unaware by his smiling genius, by the interruption into the lives of a Boy's Own hero, the most jaded of observers has begun again to dream.

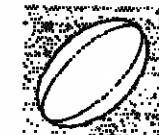
Main events



WEDNESDAY: For four days Epsom Downs, just outside London, will be covered in Fortnum and Mason hampers, marquees, a fun-fair and gipsy caravans. The Epsom meeting opens with Derby day and finishes on Saturday, when the Oaks race for fillies will be run.



THURSDAY: England take on New Zealand in the first cricket Test at Trent Bridge. After his ordeal against the West Indian fast bowlers over the winter, Mike Atherton will start his first full home series as England captain more worried about bouncers from the selection committee rather than on the pitch. New Zealand, for all their youthful promise, are one of the weaker cricket nations.



SATURDAY: England's rugby side takes South Africa in Pretoria. England lost their first two provincial matches and barely won the third. But France did the same last year and then won the Test series.

STYLE

Linen without all the tears

Whether the British like it or not, linen just won't go away where fashion is concerned. It is a fabric more often accepted for the bed or table. Its tendency to crease horribly frustrates those who wear it. Yet this summer there is more of it than ever.

There are linen garments of every sort and all prices in the shops this summer. Classic good buys are Racing Green's shirt, in a wide choice of colours and easy to wash and iron, or its 80 linen jacket (by mail order or from the Racing Green shop in Regent's Street). Marks and Spencer do a reasonably tailored linen suit for £100. The three-button double-breasted style, with matching trousers, is similar in look to the top-of-the-range Giorgio Armani version, in cream, brown or navy which is a lifetime investment for £1,300.

On the continent and in the US, where summers are hotter and longer, linen is seen as a godsend - cool, comfortable, natural and ecologically sound.

In Italy, where men in pale summer suits have lunch a *casa*, it only takes a little persuasion and Mama or the maid will re-press their Armani linen for the afternoon, a service that's almost inconceivable in Britain.

A label in John Rocha's crisp, pale beige, three-quarter length pure Irish linen coat, announcing that the look of the fabric might change after dry-cleaning, is a daunting prospect. But, says David Tothill of London's speciality dry-cleaners, there is nothing to fear if the job is done professionally. "Beware of thinking you can look after linen at home," he adds, "since it's the reshaping and pressing of the garment after washing (this takes three or four times longer than most fabrics) which completes the process."

"English women don't understand linen like continental women do. It is a luxury fibre, expensive and difficult to care for. It can come alive if it's professionally looked after but wash it yourself and you

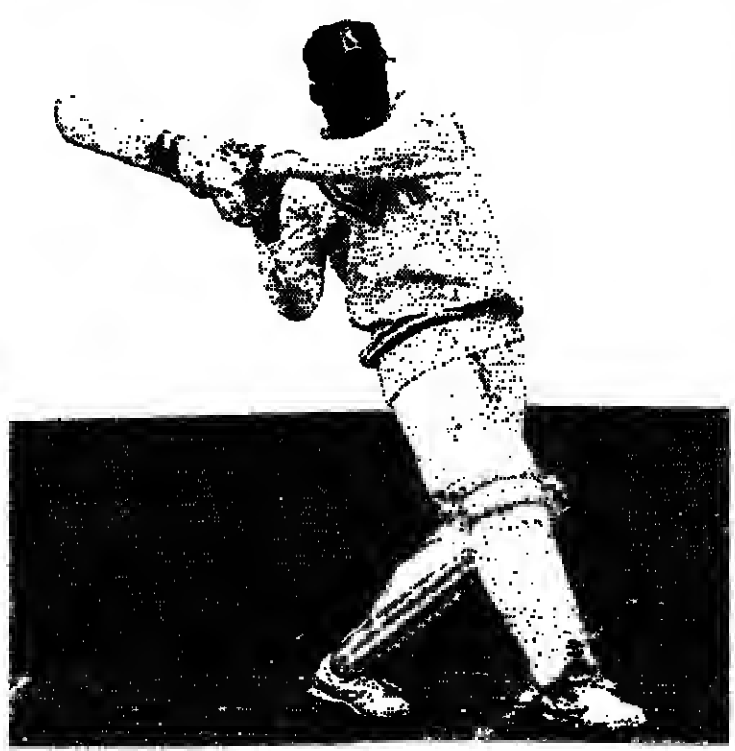
could end up with a shiny finish which is hard to reverse."

Tothill has another warning. Linen will eventually end up with permanent creasing in areas that always crease with regular wear, and no amount of cleaning or pressing can alter it.

For converts, however, there is nothing like it. Those who appreciate the natural qualities of linen, can ignore the down side. "There isn't a more natural fabric," says Rocha, UK Designer of the Year. "As the years go by the fabric gets more mature and both the look and feel get better and better. It's perfect for summer."

John Rocha's collection at Liberty, Harvey Nichols, London, Bernays, New York. David Tothill's new premises in Harriet Street, 071 245 0205. Collection and delivery service 071 252 0100.

By Kathy Phillips, Beauty Director of Tatler



Interactive marriage, Italian style

Andrew Hill assesses the chances of a new venture between Stet and Bell Atlantic of the US

In a country already conducting a passionate love affair with the television and telephone, any venture which tries to put the two together should have a fair chance of success.

That at least seems to be the view of Stet, Italy's state-controlled telecommunications utility, and Bell Atlantic, the US telecoms group, which last month agreed to develop an interactive multimedia television service for the Italian market.

By early 1996, the two companies hope to be able to offer Italian consumers feature films, on demand, via the telephone network operated by Stet's subsidiary Sip. In due course, the companies will add video shopping, banking, do-it-yourself, and even emergency first aid, not to mention exploiting commercial applications such as video conferences and training.

Italy will probably be the first into the [European] market with this capability," says Edgar Brown, president and chief executive of Bell Atlantic International.

Certainly, Italy looks like a prime target for multimedia services. Not only are late 20th century Italians, like their ancestors, hooked on communication, they also seem to take to gadgets very quickly.

"Within Europe it's probably one of the better markets and one of the more receptive to new ideas and new services," says Evan Miller, European telecoms analyst at Lehman Brothers in London.

The classic success story in Italy has been the mobile telephone, or "telefonino" in the Italian diminutive. Whereas in many other European countries, ordinary people would hesitate to produce a mobile telephone in public for fear of being either mugged or sneered at, the Italians positively flaunt their "telefonini", and use them not just as tools but as toys. In big cities, it is quite common to see groups in piazza cafes passing round the cellular phone to talk to friends out of town.

Linked to this casual technological ease is a sophisticated television culture, which in some parts of the country feeds viewers as many as 20 national and local channels. One important point for advocates of multimedia is that the diet already includes several cheap, but unavoidable, home shopping channels, peopled by enthusiastic presenters with bizarre sales pitches ("Buy a Persian carpet, win a scooter").

For Stet, which is likely to be privatised later this year, and Bell Atlantic, the first step towards realising this potential

is technical. Sip will work with the US group to adapt its traditional copper-wire telephone network to the transmission of video signals, investing an estimated £4,000bn (\$2.5bn).

If Italy eventually wants a fully-fledged multimedia service, certain analysts believe substantially more will need to be invested, but Sip's modest first ambition is for technical tests to take place by the end of this year, and commercial trials - on a group of 2,000 users - during 1995.

It is the strange and volatile Italian market, however, which offers the biggest challenge - and carries the biggest risk - for the two companies, which will develop and market the services through Stream, a Stet subsidiary in which Bell Atlantic will take a 49 per cent stake.

A Miro Allione, Stream's managing director, put it after last month's launch: "The technology, although it's demanding and sophisticated, is really the smaller problem. The real unknowns are in the market, which is linked to demand and to the capability of operators wanting to back the new medium."

To help conquer the unknown, Stream - which is likely to seek an initial capital

injection of £100bn by the end of next month - is already talking to potential partners who could provide "information and programming" ahead of the 1996 commercial launch.

According to Bell Atlantic's Edgar Brown, the two main shareholders are prepared to accept dilution of their own stakes in Stream, but will retain joint control.

Stream's first challenge will be to lure subscribers into the system with movie services, which are described as the "trigger" for the rest of the system.

Although simple to understand, movies may also prove the most difficult of the proposed services to get right in Italy. Broadly speaking, consumers will be able to choose what to watch from a library of films or programmes, divided into categories and targeted at particular audiences. More importantly, they will also be able to choose exactly when to watch.

As a measure of the difficulties facing Stream, Telepiù, which launched pay-TV movie and sports channels three years ago, has yet to make money and has attracted 600,000 subscribers, whereas Stet and Bell Atlantic hope for well over a million users. At the same time, Rai and Fininvest (the media empire built by Silvio Berlusconi, the new Italian prime minister) have amassed substantial film archives and rights, which Stream would be hard-pressed to match unless it could link up with one of the existing conventional channels.

Stream could argue that a new medium requires new rules, and pay royalties on the basis of the number of viewers selecting individual films. If that tactic fails, however, and Stream's film catalogue is not sufficiently broad by the time it launches, film-lovers could easily switch back to the conventional channels.

The second service to be introduced is likely to be video shopping, and here the US-Italian joint venture is on surer ground. Already, home shopping via television is said to be worth between £600bn and £800bn a year in Italy, and interactive television would allow customers to complete the whole transaction, from

order to payment, on screen. Industry sources, however, are still convinced that both consumers and companies will have to be eased into the new technology. "I'm not sure that the Italians are prepared to move suddenly to a new [buying] system, instead of touching products or smelling perfumes," says one.

Evan Miller of Lehman Brothers points out that Europe has been generally more cautious than the US in moving towards multimedia services. Analysts are in general sceptical about the possibility of a full-scale national system being in place within the next few years, but they believe there is a chance of a limited service in the most important cities.

The limited previous experience of Stet and Sip in a similar field means they are likely to be cautious about pushing their customers too hard to accept new technology. Over the last few years, Sip has watched its ambitious Videotel venture - an interactive telephone system similar to France's Minitel - quietly wither away. Stet's judgment is that Videotel was too complicated and the range of services too narrow. That is likely to be the first lesson that Stream learns in setting up a multimedia service.



Bill Cockburn: post has vital role as valet to the new networks

When Postman Pat goes electronic

Even a year ago, an interview with a postal service chief executive on the subject of "media futures" might have seemed laughable. However, Bill Cockburn, chief executive of the UK's Royal Mail, holds forth about the role of his business in the interactive age with all the verve, and much of the plausibility, of today's telecommunications barons.

Cockburn concedes that "no letter is safe in the age of the technological postman." But tomorrow's entrepreneurial post office will, he argues, be offering both the postmen and the technology. His vision combines the potential of the existing postal service to thrive on the back of technological innovation in other sectors, plus the ability of the postal service to innovate on its own account. Cockburn is sceptical about the pace of the supposed interactive revolution. In the short and medium term, with interactive systems and cultural adaptation in their infancy, home shopping and the like could significantly boost the conventional mail business - through catalogues, extra billing, and so on.

But even when full interactivity dawns, Cockburn sees a vital role for post as valet to the new networks. Home shopping, for instance, is potentially a huge source of new business for those with an efficient home-to-home delivery capacity. "We need to be positioned to take that on."

Bill Cockburn talks to Andrew Adonis about the Royal Mail's future

He sees a similar evolutionary process in utility billing mail. Ultimately, all accounts may be settled on the screen.

Before that, however, Cockburn sees a lucrative market in the outsourcing of billing to single operators capable of printing and delivering bills and handling the payments - whether cash, paper or electronic. "Who better than us to do it - we already have the delivery and capacity, and are fast developing electronic mail."

Part of Royal Mail's case for privatisation is the need to break free of government investment restrictions to develop new technology. Cockburn also wants the freedom to contract joint ventures, at home and abroad, to pool his assets with those of new technological operators. "We have a lot to offer a partner," says Cockburn, who proceeds to rattle off the plums on his balance sheet. "We have our own telecoms network, the fourth largest in the country, 16 trains, 70 chartered air services a day, 30,000 vehicles, the biggest residential database in the UK, and 2,000 buildings. Think of the opportunities that gives you." Not to mention an army of Postman Pats.

Any which way you want to read it

Anthony Ridder, president of Knight-Ridder, publishers of newspaper such as the *Philadelphia Inquirer* and the *Miami Herald*, is as certain as anyone can be that the future of the newspaper is secure.

"We have spent a great deal of time studying the issue over the last four years. We think the traditional printed newspaper, improved and with new services for advertisers, is going to be a good solid business for as far out as we can see."

But at the same time Knight-Ridder, which last year had Newspaper revenues of \$30m out of a group total of \$2.45bn, is planning a range of each-way bets on technologies that could affect the future of the traditional newspapers.

These projects, backed by spending of around \$10m a year, cover a wide range of areas than those being pursued by most other newspaper groups. They range from on-line fax and audio text services, through plans for expansion in conventional television news, to the more futuristic portable flat panels that can scroll through newspaper pages and sections and bring the pictures to life with video news clips.

At the Mercury Center, in San Jose, electronic access to Knight-Ridder's San Jose *Mercury News* is available for \$9.95 a month. Described as "more of a library service" it is carried on the America Online data base, which has 34,000 subscribers in the Mercury's circulation area. Knight-Ridder has 6,500 direct subscribers, but every time anyone else accesses *Mercury News* information the company gets a fee. The service includes an electronic version of the *Mercury News* classified advertisements - an important vehicle for staff poaching in Silicon Valley. The Mercury Centre also runs fax and audio services. A subscriber to the audio service can specify a list of interests, such as company results, give a PIN number and receive what at a personalised broadcast by car phone.

In Philadelphia the *Inquirer* is going to launch its own television News Hour with a local station of dedicated television professionals but calling on the 610 Knight-Ridder newsroom staff in the area. If it is a success the aim is to turn out a 24-hour news channel for the 5m people in the area. This is a service which, like the Mercury Center, could be replicated in other cities where the company has a major daily newspaper.

"Our feeling is that we need to be involved in the video business," says Ridder, "partly to generate moving pictures for the flat panel being developed

Anthony Ridder believes there's still a future for traditional newspapers. But just in case he's hedging his bets, writes Raymond Snoddy

at the Knight-Ridder Information Design Laboratory in Boulder, Colorado. Ridder believes that on-line data bases are fine, but that people like headlines, and prefer journalists to make judgments on the relative importance of stories, rather than simply offering relatively undifferentiated lists of information.

By the end of this year an electronic version of Knight-Ridder's *Journal of Commerce*, a daily specialising in transport and trade issues, will be available to Personal Computers in a newspaper format.

Ridder believes the portable flat panel as a commercial product is still probably five years away.

He reckons that when the flat panel is fully developed he will be able to plug it into a hotel telephone socket overnight and take delivery of the full electronic text of his daily reading - the *Miami Herald*, the *New York Times* and the *Wall Street Journal*. Customers will be able to click on an electronic pen and pull up any story they are interested in. They will be able to displayed this at whatever size they want, and if they are interested in a soccer game they will be able to click on a sports picture and get a two-minute video of highlights.

Roger Fidler, the Knight-Ridder executive behind the flat panel development, believes that by the year 2005 in the US such flat panels could overtake PCs as a method of obtaining information.

Just in case he is wrong, he is pushing ahead with more conventional newspaper developments, such as home delivery of information for advertisers to non-newspaper subscribers, producing specialist publications aimed at particular areas or demographics, and even creating consumer events such as the recent Women's Show in Philadelphia. This attracted more than 30,000 people.

As he keeps a close watch on all his each-way bets, he emphasises that every day in America "82 per cent of all adults read a daily newspaper - 69 per cent on Sunday - and that has not changed during the last five years."



Ridder: "we need to be in video"

PCs to shake off dunce's image

By Alan Cane

The days of the humble television set are numbered. Within a few years, it will be supplanted in the home and office by the personal computer - albeit in modified form - which is set to become the principal vehicle for the multimedia revolution.

Who says so? Bill Gates, head of Microsoft, for one. He predicts that homes will soon have at least two PCs capable of displaying multimedia programmes.

The first, shorn of its keyboard and boasting a large screen, will live in the lounge. It will combine still and moving images, sound, text and animation and the service will be interactive - video on demand in three dimensional computer games are typical examples.

"This there will be a device in your living room when you want to browse the shopping or do your personal finances. You will sit less than a metre from it and it will have a keyboard

and a superior ability to display text," he says. Gates' plan is that Windows, the operating software that has been a principal key to Microsoft's position as software market leader, will control both these PCs.

The drawback to date, however, has been that PCs, sharp though they are at arithmetic, are pretty much dunces when it comes to displaying video images. They are simply not designed to handle or store the sheer volume of information contained in a moving picture. Thus, video sequences in multimedia presentations are limited to a postage stamp sized area of the screen. Any attempt to enlarge the image causes a sharp loss of quality and fidelity.

Now, Videologic, of Kings Langley on the outskirts of London, claims to have an answer to the problem. It has developed a set of silicon chips capable of taking digitised video images and displaying them on a PC screen - full

size, offering cinema quality motion and fully compatible with Gate's Windows. And the cost of the chips should be no more than \$25 in quantity - in other words, chips for a mass market.

The company's claim should be taken seriously for a number of reasons. First, because it is already the world leader in an earlier form of PC video. In 1988 it developed chips which overlaid video pictures on a PC screen, by passing the central processor and memory. The new chips, however, mix the digits representing video, text and graphics in the computer's memory, something, Videologic says, no other company has yet accomplished.

It is a cheaper solution and it makes it possible for the computer to manipulate any part or aspect of the video picture, something that was impossible with the earlier technology.

Second, because it has some very powerful partners

including International Business Machines, the world's largest computer manufacturer, British Telecom and Motorola, a leading US semiconductor manufacturer. Its agreement with IBM covers the joint design, development and marketing of multimedia products. Videologic has, however, retained its intellectual property rights.

"Third, because the company already has a raft of big chip customers, including Microsoft, the Bank of England, Deutsche Bank and the John Lewis Partnership.

According to Derek MacLaren, chairman, the company has a six month lead on the competition protected by patents, knowledge and an adherence to industry standards others have yet to emulate. The concepts are difficult to grasp, especially for a consumer product, so Videologic is selling its flagship product, "323Movie" as a way of speeding up Windows graphics with, it says, "multimedia for free".



Make sure you don't miss Business Travel Classified every Monday in the Financial Times. It provides a definitive market place for business travel agents, business flights and any other service that will ease your journey.

For advertising information contact:

Julia Copeland 071 873 3559 or

Stephanie Cox-Freeman 071 873 3580

FT. Because business is never black and white

BUSINESS TRAVEL

Spanish strikes

Spain faces the prospect of a two-week strike in its public transport system. There has already been a strike by railway workers, during the rush hour last Wednesday, and a railway strike in Madrid and Barcelona on Thursday.

The rail strike is in protest at wide-ranging plans to restructure Spanish railway services. Hence, the national rail company, is due to be split into separate operating companies with the loss of 14,800 jobs.

Pollution in Athens

The Greek government is considering measures to restrict car access to central Athens in an effort to reduce air pollution. The environment ministry has said it would ban all cars from a 13 sq km area in the heart of the city between 7am and 8pm.

Last Wednesday, when the temperature hit 38°C (100°F), pollution is reported to have reached hazardous levels.

Moscow crime falls

Crimes against foreigners in Moscow have fallen, according to the Russian capital's police force, largely because foreign residents and visitors are learning to be more careful.

Viktor Serovskiy, the head of Moscow police's special services department, said there were 464 registered cases of crimes against foreigners in the first four months of this year, 20% of them on the city's streets, compared with 525 incidents in the same period in 1993.

Swiss departure tax

The Swiss government has approved increases in departure taxes at the country's two biggest airports, writes Ian Rogers in Zurich.

As in so many other things, the old Swiss joke - "they do it differently in every canton" - applies. At the moment, departure taxes for international flights range from SF10 (£4.50) in Lugano to SF12 in Bern, SF12.50 in Zurich, SF13 in Geneva and SF15 in Basel. From November, the tax at Geneva will rise to SF14.50 and that at Zurich to SF14 - and by July 1 1996 both will reach SF15.50.

Romanian passports

Romania last week started to issue what it claims are the most high-tech passports in Europe, with sophisticated features to combat forgery.

The new passports should be issued nationwide within about three months. They are the very latest technology, more modern than the passports of other European states, a spokesman for the Ministry of the Interior said.

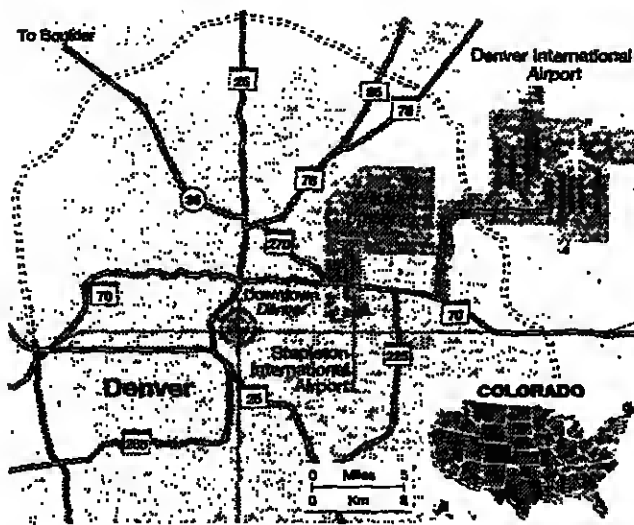
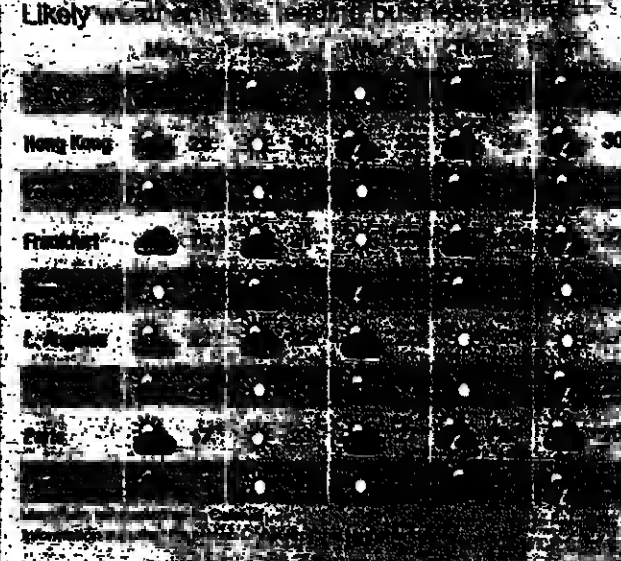
Passport forgery reached epidemic proportions after the fall of the communist regime in 1989.

Diplomatic couriers

UK diplomatic couriers, who have even eaten dispatches to avoid them reaching enemy hands, may fall victim to cost-cutting and modern technology.

The Queen's messengers, who travel the world delivering secret documents in briefcases chained to their wrists, were set up 500 years ago by Richard III. But their numbers could be trimmed under a Foreign Office budget review, officials said on Thursday.

The 28 couriers, who travel 250,000 miles (400,000 km) a year between them, are becoming an anachronism in an age when security-clearance codes can do the same job in seconds.



Lost luggage leads to Denver delays

Denver's new airport, topped with white Fibreglass cones in imitation of the Rocky Mountains in the background, continues to be empty. It was due to open on May 16, but was delayed - for the fourth time - by glitches in the high-technology baggage delivery system.

The new Denver International Airport, with a runway that will be able to handle 99 aircraft arrivals an hour in bad weather - as many as the city's 64-year-old Stapleton airport can cope with on a clear day - is eight months behind schedule and \$1bn over budget. It has cost \$3.2bn to date.

When its opening was postponed again this month, city officials decided not to set

another target, saying only that the airport would open when the computerised baggage handling system - the most sophisticated and complex of its kind - had been sufficiently tested and proved operational.

The system, which has cost \$194m, has 21 miles of tracks that snake through the airport, carrying bags in 4,000 individual containers. Bar codes on luggage labels tell the system the bags' destinations. But the system relies on human co-operation: it keeps going awry when luggage is loaded with the labels face down or otherwise obscured.

Laurie Morse

Planes, trains and tunnels

Paul Betts on UK airlines' response to the new Channel crossing

The UK airline industry is gearing itself up for increasing competition next year on short-haul European routes from high-speed rail services through the Channel tunnel.

British Airways plans to revamp its Club Europe business class services later this year, and is launching new services from London to Orly, which, being south of Paris, offers a competitive alternative to high-speed trains. British Midland also plans services to Orly from September, and to launch new routes to more distant destinations in Europe which will not compete directly with the tunnel.

But one airline has decided that, if you cannot beat high-speed trains on shorter routes, then join them. Mr Richard Branson sees the new network of high-speed train services linked to the Channel tunnel as a chance for his Virgin group to expand its travel business in Europe.

"We see high-speed trains as complementing our Virgin Atlantic long-haul airline operations," says Mr Branson. "We have no intention of expanding in the short-haul European airline business, but trains would give us a big foothold in the market."

Mr Branson will join forces with one of the five consortiums bidding to build the fast rail link from London to Folkestone - Virgin will decide which one in the next three weeks. The winning consortium will run the UK end of the joint venture with SNCF, the French railway company, operating

Eurostar trains through the tunnel.

Mr Branson wants to extend his Virgin Atlantic airline formula of "comfort and fun" to the proposed rail services. He plans to introduce individual seat video screens, and equip trains with telephones and faxes.

His recent investment - to manage jointly with Shirayama Shokusan of Japan the \$150m hotel development on the site of London's old County Hall building, near Waterloo station - is also linked to his Channel tunnel ambitions. "County Hall is next to the new Channel tunnel London rail terminal, and will make an ideal base for our long-distance air travellers to connect into the Eurostar rail network," he said.

Virgin Upper Class air passengers would be driven by limousine from Heathrow airport to spend the night at County Hall, before travelling to the continent by high-speed train the next day.

British Airways, however, believes that, while the tunnel will have short-term impact, in the longer term it will expand the overall travel market for both airlines and trains.

Sir John Egan, chief executive of BAA, the UK airports operator, also expects only a modest impact. "Most business travellers start their journeys from home to the airport. If they live in the home counties, they will still find it more convenient to go straight to Gatwick or Heathrow rather than travel to the city centre to catch a Channel tunnel train."

Gateway to Palestinian contracts

The shaded, walled courtyard of the American Colony Hotel, in Arab East Jerusalem, is the starting point for foreigners who want to do business with Palestinians in the West Bank.

It provides a good base, because Palestinians do not like to cross into the Jewish side of the city. However, if you also plan meetings on the Jewish side, be warned that many Israelis see the Colony as a hotbed of Palestinian "terrorism".

By far the best hotel on the Arab side of the holy city, it serves traditional Arab and international cuisine throughout the day.

From the Colony you can easily travel to the commercial centres of the West Bank - Ramallah, Nablus, Jenin and now Jericho - all of which are within an hour's drive of East Jerusalem. Jericho, which is in the process of becoming the administrative capital of Palestinian self-government, will soon be an essential place for any foreign businessman to visit.

Travelling in the West Bank can be dangerous. Cars with yellow Israeli licence plates are often targets of stone-throwing youths, who assume the drivers are Jewish settlers. The best way to travel is in an Arabic taxi, which has different coloured licence plates and signs in Arabic.

If you want to rent a car, go to Petra Rent a Car, in Shufat, which will deliver it to your doorstep and give you a mobile telephone if needed. Although most of its cars have yellow plates, they have big stickers on their sides in Arabic to deter potential stone-throwers. Another sensible precaution is to buy a Palestinian keffiyeh - black scarf - and drape it over your dashboard.



Main square, Jericho: the town will soon be on every business visitor's schedule

Having an Arabic fixer/translator is essential, although most Palestinian businessmen speak good English. A fixer can set up meetings, negotiate around a roadblock, and give a flavour of the political and religious sensitivities that infuse discussions in the Holy Land. He can also accompany you on a tour of the Old City, where otherwise you are almost certain to be fleeced by merchants in the bazaar.

Most places in the West Bank accept dollars, Israeli shekels and Jordanian dinars. You can get a slightly better rate for foreign currency at money changers in East Jerusalem. Many foreigners use Nabil Freidy on Salah adin street, East Jerusalem's high street.

Doing business in the Gaza Strip is more difficult. After years of repression, Gaza has become a deeply con-

servative and islamised society. Travelling with yellow licence plates almost guarantees that you will be stopped. To get into Gaza, leave your car at the Erez checkpoint and transfer to a car with white plates. There are several taxis just past the checkpoint, but most of the drivers do not speak English. It is better to arrange a car with a translator beforehand.

Many new hotels are being developed in Gaza, especially on the sea front where a cool breeze blows off the Mediterranean most nights. Many foreigners, however, prefer to stay at Marna House in central Gaza. Many important politicians and businessmen show up here in the evenings, and it is one of the rare places where guests can be served beer.

Julian Ozanne

PEOPLE

No longer shooting for the moon

Daniel Goldin tells Guy de Jonquieres how Nasa is taking several steps for America

Daniel Goldin, administrator of the US National Aeronautics and Space Administration, enters the room rather the worse for wear. The head of the organisation which sent a man to the moon is nursing multiple fractures after an accident on his preferred mode of transport - a racing bicycle.

Yet despite refusing to take painkillers, he is in fighting form. Within minutes, he is punching away at a favourite theme: the life of modern society, in which a search for self-gratification has cramped horizons and sapped the urge for adventure and discovery.

"Our society demands instant results. We eat instant food. We have instant entertainment and we demand instant financial results. When you demand instant financial results, there is no room for risk or failure. That's the fundamental problem I see today. Where is new wealth going to be generated if we don't take risks?"

"The key thing is not to be afraid of risk. There are so many prophets who sit in the wings waiting for someone to fail. And you know what they do? If there's a failure, they come in and say: 'By God, let's punish that failure'. And guess what happens - you get mediocrity in society."

That is where Nasa comes in. Its willingness to embrace risk by advancing the frontiers of technology and backing projects with a long-term economic payoff, he says, is one of the few ways in which American society can invest in its collective future.

Recently, however, this uplifting vision has encountered obstacles. Not only has enthusiasm for space missions continued to wane in the US, but two years of fiscal austerity have reduced Nasa's annual budget by 30 per cent in real terms to \$14.5bn. "We can't get any closer to the bone," Goldin says.

Still, a lot of fat needed to be cut. Since the 63-year-old Goldin was recruited two years ago from TRW, a leading US defence and engineering company, he has been widely praised for shaking up the management of Nasa's flabby bureaucracy and control-

ling costs more tightly. He is also shifting expenditure from showpiece space missions into projects promising greater commercial spin-off. That is in tune with President Clinton's drive to increase government support for industrial high-technology research and helps explain why Goldin is one of only two federal agency heads to have survived from the Bush administration.

Though Nasa has generated many valuable spin-offs - such as "error-free" computer software - they have until now been largely chance by-products of its larger space programmes. In future, the agency will focus more on specific three-to-five-year research projects, often in partnership with industry. The aim is to develop generic "breakthrough" technologies, which could spawn a string of specific industrial innovations.

They include work on robotics, artificial intelligence, and environmental technology. One of the most promising is satellite remote sensing - using satellites to capture vast amounts of data about the earth's surface which could be used in everything from agriculture to environmental planning. "The whole remote-sensing industry is worth about \$1bn a year today. We think we could activate that to be worth perhaps \$10bn a year," says Goldin.

His biggest - and most controversial - move has been to commit substantial resources to supporting the civil aircraft industry. Such support has not been an explicit goal of federal policy since Congress vetoed research funds for a Supersonic Transport aeroplane in 1971, its planned response to Concorde.

"When that decision was taken, I was dependent about what my country did and excited by the Europeans' boldness in taking risks on Concorde," he says. "Yes, Concorde cost money, but what a feat! It defined Europe as a society. I salute the Europeans."

Getting the US back in the race involved interminable, and often heated, negotiations with industry and government, and a grass-roots lobbying campaign which took Goldin to public meetings around the country.



The results are joint research programmes with US manufacturers into a High Speed Civil Transport (HSCT), a supersonic passenger jet, and an Advanced Subsonic aircraft, both expected to enter service early next century. Nasa's contribution of about \$2.5bn over five years will cover a third of the total cost. The rest will be paid for by industry, much of it in the form of services to the agency.

The research includes cleaner, less thirsty and quieter engines, more efficient aerodynamic designs, new materials and improved safety systems. Goldin hopes that by the end of the decade, the technologies will have been proved in the laboratory and will be ready for industry to turn into products.

Building the HSCT will, he says, require an international consortium of manufacturers because the market is not big enough to support two rival supersonic aircraft. The issue is how it will be controlled and led. "Will it be from Europe or America? Generally, the way the world works is that the corporation or country with the superior capability and technology can provide the leadership."

The recent scale of US efforts to ensure that it calls the shots has unsettled Europe's aircraft manufacturers, which have launched their own feasibility study into a supersonic aircraft to succeed Concorde.

They and EU trade negotiators are also pressing, against strong US opposition, for stricter international curbs on

civil aircraft subsidies in which would be included Nasa support, on the grounds that it threatens to distort competition.

Goldin rejects the charge. He condemns European subsidies to Airbus, and insists Nasa funding of the US aircraft industry is different because it stops short of production. "This is not ugly, unfair competition. This is wonderful stuff," he growls. "I compete with everyone, including myself."

Nonetheless, the risks Nasa is taking are paid for with taxpayers' money. "So what? Look at the mediocrity in the world. Look at the state of industry... If we don't make bold moves, where are the new jobs coming from? You tell me."

But would it not be more efficient to pool transatlantic HSCT research by, for example, inviting European manufacturers to participate in Nasa's programmes? No chance, says Goldin: "I am fiercely competitive in defence of America. It's written in my genetic code." He recalls that one of the first questions he asked after moving to Nasa was with our staff and we did an analysis. Clearly, our customers were the American people.

"They own this programme, but they had been separated from it for a long time because Nasa was focusing on beating the Russians. But in the new world order, after the Berlin wall came down, it was clear that we had to serve the American public."



Gilbert to spearhead Biogen's move into Europe

Biogen, one of the biggest of the US biotechnology companies which is based in Cambridge, Massachusetts, is increasing its presence in Europe and appointing Alain Gilbert (right) as its first European vice-president, writes Daniel Green.

Gilbert, 46, will be building a European sales organisation to promote two of the company's drugs: Hivolog, an anti-blood clot drug, and beta interferon, in late trials for the treatment of multiple sclerosis.

Gilbert, a French citizen, will be based in Paris or Brussels; the company will decide in the next few days which of these two cities will house its European headquarters.

Gilbert joins Biogen from IDEXX Laboratories, a Portland, Maine, biotechnology company specialising in veterinary products, where he has been president of European operations since 1990.

Between 1987 and 1990, he was president of operations in Europe, Africa and the Middle East for Medtronic, the US pacemaker and heart treatment device supplier.

Before that, he worked for US drug company Abbott Laboratories in sales and marketing where he became general manager of the AIDS and hepatitis diagnostics division.



de Raad to promote quality

The European Foundation for Quality Management, a non-profit association created in 1988 by 14 of Europe's leading companies and today backed by more than 320 corporate members, has a new secretary general, writes Tim Dickson.

He is Geert de Raad, a Dutchman who took over the reins of the Brussels-based organisation from John King at the beginning of this month.

EFQM's role is to promote the business ideas known as total quality management, a philosophy which puts customers and employees at the centre of a company's thinking. With the support of the European Commission and the European Organisation for Quality, EFQM in 1992 launched an annual award which recognises the best European exponents of TQM.

De Raad, who has an MBA from Northeastern University of Boston, faces the challenge of trying to spread the TQM "gospel" to a wider and sometimes sceptical European audience. He was previously responsible for the plastic business of Royal Nijverdal-Ten Cate which included 10 companies, employed 2,900 people and boasted Ecu350m of turnover. As corporate director, he was in charge of all acquisition activities, technology

development and the group-wide implementation of TQM. He joined the executive board in 1990 and subsequently became a corporate vice-president.

Pettersson's auspicious move on paper

It may be luck, but Bengt Pettersson looks to be timing his leap from one pillar of the Swedish pulp and paper establishment to another rather well, writes Christopher Brown-Humes. He will be leaving Stora to take over as MoDo's chief executive on August 1 with at least two favourable developments as a background.

First, MoDo's fortunes are on a clear upward trend; last week it announced its first quarterly profit for three years. Second, and perhaps more important, MoDo has recently resolved a long-running ownership battle which froze much decision-making for many months.

It certainly helps that Pettersson does not come from SCA, the Swedish forestry group which was the losing party in the struggle.

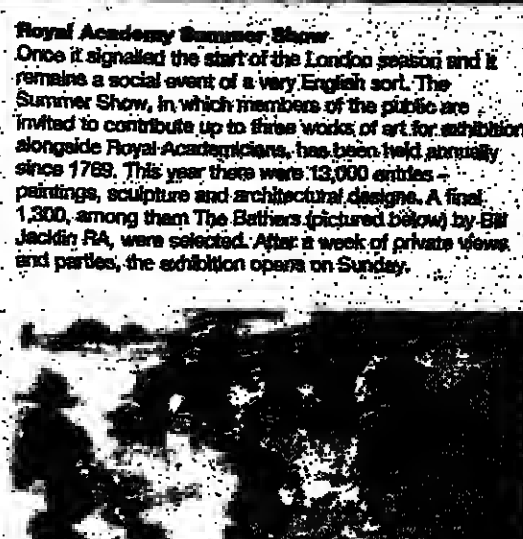
Pettersson is a respected forest industry manager, if little known outside the sector. He has strong credentials for the job, having been in the pulp and paper business for 28 years - "quite a few cycles," as he puts it. For the past six years he has been managing director of Stora's packaging division, Billerud, which fared better than most of the company's operations in the industry downturn.

Observers expect Pettersson's style to be different from that of Bengt Lof, who steps down after nine years as MoDo's chief executive. Lof's bullish industry prognoses, again in evidence last week, didn't always go down too well with analysts.

Pettersson is coy about his immediate priorities. But high on his agenda will be the fate of MoDo's packaging division, effectively earmarked for sale following the company's decision to concentrate on newsprint, fine paper and board. He may even question whether MoDo has the resources to develop as many as three core areas given increasing competitive pressures. Few would be surprised if he opts for an alliance or disposal in due course.

OPENINGS

Royal Academy Summer Show
Once it signalled the start of the London season and it remains a social event of a very English sort. The Summer Show, in which members of the public are invited to contribute up to five works of art for exhibition alongside Royal Academicians, has been held annually since 1769. This year there were 13,000 entries. A final 1,300, among them The Bathing (pictured below) by Bill Jackson RA, were selected. After a week of private views and parties, the exhibition opens on Sunday.



Royal Ballet
Marking its return to Covent Garden after its American tour, the Royal Ballet revives Anthony Dowell's production of *Don Quixote*. Sylvie Guillem, according to her dance critic Clement Crisp, "trapped aboard this *Thais* of the dance, she may have the wit to find the only 'big-belt'." Performances, all with Hilda Guillem, tonight, Wednesday and Saturday. Ballet-lovers in New York will be at the State Theater for New York City Ballet, tonight in Paris, the Opera Bastille hosts the wonderful *La Bayadere*.

Jazz
The spirit of carnival and tropical Bahia comes to London on Wednesday when the original Tropica musicians, Gilberto Gil (right) and Caetano Veloso, are reunited for the first time in 20 years at the Royal Albert Hall. Joined by Gil Costa and Caetano's sister Maria Bethania, the Doce Barbones (the four great Bahians) will perform alongside the 50 drummers and dancers of the Mangueira school of Samba in an exciting climax to the Brazilian Contemporary Arts Festival of Bahia.

Bossa Opera
One of the most unusual operatic premieres of the season takes place on Sunday when the Bonn Opera stages a Guarany, a four-act opera-ballet by Brazilian composer Antonio Carlos Gomes. Based on a love story about the Guarani Indians, it was first performed at La Scala in 1870. Long forgotten outside Brazil, it owes its current revival to Placido Domingo (right) who sings the title role. The producer is Werner Herzog, of *Fitzcarraldo* fame.



It was an event which defined an entire generation. For three days in New York State, half a million students, anti-war protesters and all-purpose hippies congregated in a field for three days of music, mind-altering substances and muddy mayhem.

The 1969 Woodstock Aquarian Exposition, born of the chaotic, shoe-string idealism of a small group of friends, became synonymous with the slogan of late 1960s liberalism: peace and love. But today, as two rival companies vie to stage the definitive 25th anniversary celebration of the Woodstock festival, these two qualities are little in evidence.

Where there was once just a group of friends behind the festival, there are now corporate backers and slick professional promoters. Where there was a \$500,000 budget and an entry charge of \$18 (that hardly anyone paid), there is now a joint budget of \$25.5m and a likely entrance charge of \$120.

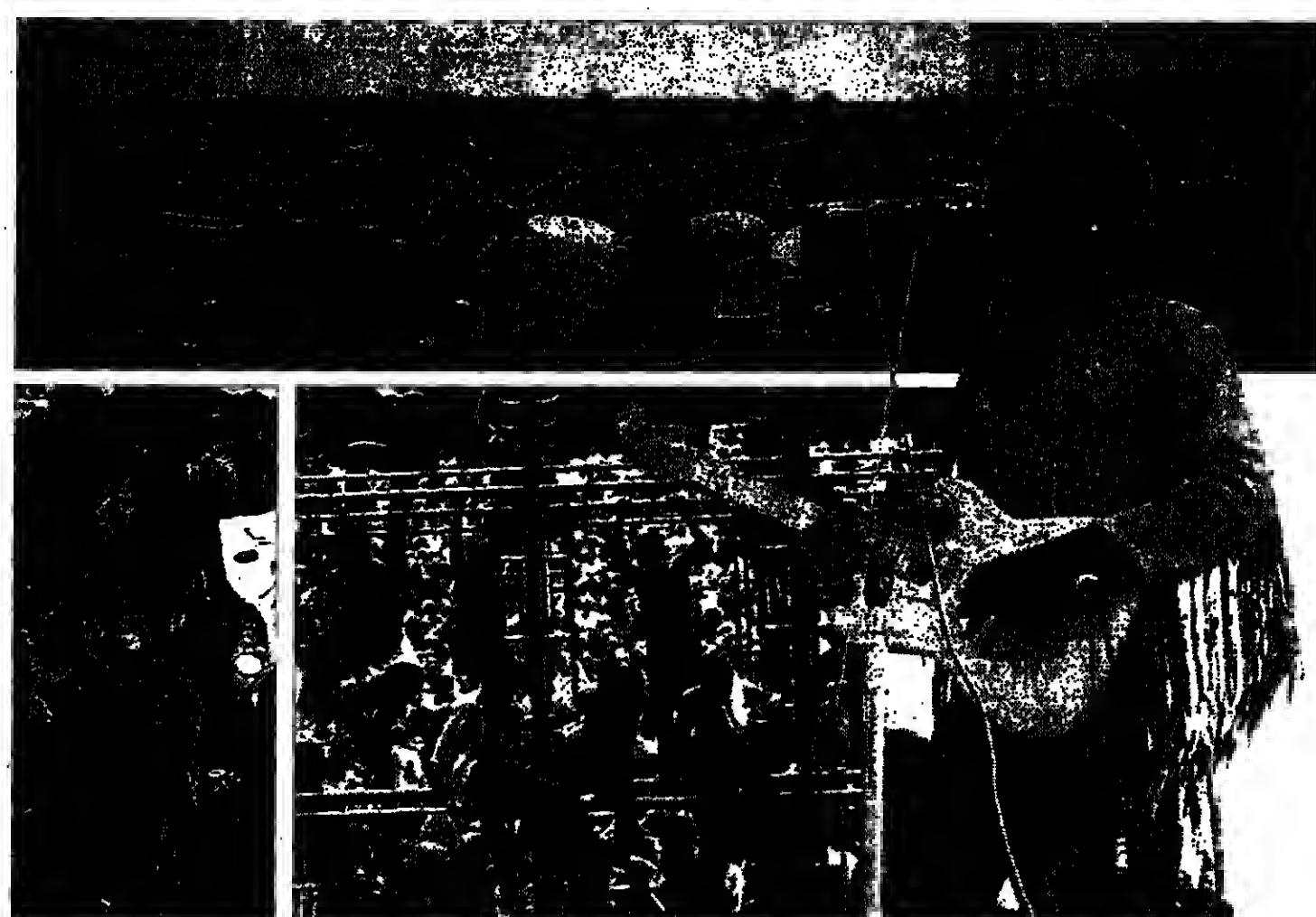
Where there was a modest record and film contract, there are now substantial record, film, television, and merchandising contracts. Instead of a few patrolling Hell's Angels, the occasional food vendor and endless traffic jams, there will be an eight-foot high fence and an army of security guards, concessions stands, cash machines, portaloos and park-and-ride.

In one camp, Woodstock '94 is being put together by the three men who organised the original event: Michael Lang, John Roberts and Joel Rosenman. Although the trio went their different ways after 1969, Lang remained in the music business, promoting acts like Joe Cocker and Rickie Lee Jones, while Roberts and Rosenman evolved, like numerous former hippies, into Wall Street investment bankers.

Through their Woodstock Ventures partnership, the trio are organising a two-day rock festival on August 13 and 14 in Saugerties, about seven miles from Woodstock town, and expecting an audience of 250,000. The partnership is backed by the financial muscle of Polygram Records (which is supplying the \$19.5m budget), top rock promoter John Scher, concert promotion firm Metropolitan Entertainment, and a slick public relations campaign.

The suggested line up of musicians - Aerosmith, Metallica, Soundgarden and Guns N' Roses - reflected a festival appealing not to the 40-plus participants at the original Woodstock festival but to the current 17-25 year old generation of pop music fans. While John Scher says the choice of bands is timely, "because today's music and culture energy and excitement recall the mood of 1969," some veterans of the first Woodstock are not entirely convinced that inviting the nihilistic - and sometimes downright nasty - bands of the Nineties to a rock festival is the best way to celebrate the spirit of the Sixties.

Sid Bernstein's anniversary celebration, however, is an unashamedly nostalgic attempt to recreate the mood of the first Woodstock for an older, more affluent generation.



Woodstock 1969: shoe-string idealism and music from (far left) Janis Joplin and (far right) Jimi Hendrix. Today, corporate backers have moved in

Peace and percentages

Patrick Harverson reports on rival bids to hold 25th anniversary celebrations of the Woodstock Aquarian Exposition

His event will occupy the original site of the festival, Max Yasgur's farm in Bethel (actually 50 miles from Woodstock town proper). The veteran US music promoter who brought the Beatles to America, Bernstein ironically, has no connection with the Woodstock of 1969. Although he was in the music business at the time, he was some way removed from the hippie culture, booking acts like Tony Bennett and Sarah Vaughan at Carnegie Hall. A likeable, avuncular figure who schmoozes like a Broadway talent agent in a Woody Allen movie, Bernstein runs the Bethel '94 organisation from his Upper East Side apartment. Eight years ago, he had a Damascene conversion when, as he tells it, he visited the site with his family and was so moved by the powerful memories of Woodstock shadowing Max Yasgur's farm that he became determined to put together a show to mark the event's quarter century anniversary. He describes it as a "mystical, magical place - almost like the Holy Grail." Bernstein's plan for Bethel '94

(the Woodstock name is owned by the Lang trimmings) is to present many of the acts who performed at Woodstock. He has already booked several surviving Woodstock artists including Richie Havens, John Sebastian and Melanie (other key players like Jimi Hendrix, Janis Joplin and Keith Moon subsequently died of drug overdoses). Bernstein also plans to book new Woodstock acts like Fleetwood Mac, James Brown and Ray Charles: all reflecting Sixties nostalgia and appealing to the older generation of the CD buying public.

Bernstein has yet to receive final permission from the town of Bethel to hold his concert, and there is some doubt as to whether he has the money to stage a festival for 80,000 people. The \$1m budget, he says, is being provided by a "group of doctors and professional men in the Philadelphia area," and an anonymous group of Wall Street investors. Bernstein hopes those attending

his event will bring clothes and non-perishable foods that will be given away to charity. When the concert ends, he plans to give everyone a seed to plant in their gardens or neighbourhoods as a symbol of hope and new life. "This is the tone we're setting for our concert. The Woodstock generation was about peace and love, but we haven't had much peace and love in this last generation."

So far, the sympathies of Woodstock veterans seem. If anything, to be with Bernstein's less ambitious Bethel '94. "For people who were at Woodstock, part of the charm of going again is to see how a lot of the old bands have fared," says Mark Newman, a musician with the New York rock band Tao Jones, who has fond memories of losing all his clothes at the first Woodstock. "If they're going to have a lot of new bands and cater to a new audience, it's not really a 25th anniversary."

Scott Wein, a hippy-turned-mortgage broker who attended the original festival has similar doubts.

"I think if they're going to do it, and call it Woodstock, I would have liked to have seen more of an attempt at a recreation of Woodstock. How can you call it Woodstock and have Guns N' Roses?" The organisers of Woodstock '94 appear sensitive to these criticisms. Having originally said that the festival would feature Guns N' Roses - a heavy rock band whose ethos is about as far removed from "peace and love" of the Sixties as is possible - it now seems unlikely that the band will appear.

Perhaps Scott Wein best sums up the frustrations many Woodstock veterans feel about this summer's celebrations. "I don't resent people trying to make money - this is America. But if you're going to exploit Woodstock, I feel it will only be fair if you try to remember Woodstock for what it was. I don't want my kid going, then coming back and saying: 'Shit, that was Woodstock? What was the big deal?'"

The Lodger/Alastair Macaulay

Pleasure lies in mystery and moral ambiguity

Alastair Macaulay asks his prospective lodger for her references. She asks him for his. Who is to know who is safe with whom? No one. In Simon Burke's play *The Lodger*, at the Hampstead Theatre, both lodger and lodger use each other. He, Wise, comes to think he is in love with her - but only after he has fetishised with her bedclothes and underwear. She, Lois, comes to regard him as the nicest man she knows - but she only makes advances to him when she needs to make up for being unable to pay her rent.

Subsequent developments are more shocking. Lois uses Wise's flat as a brothel; Wise, on discovering, beats her senseless. The pleasure of following *The Lodger*, though, lies not in its plot but in its mystery and moral ambiguity. Lois has led to Wise about her work, but then she is a reluctant whore; she is manipulated by her pimp/lover Pollock. Wise has led to her about working in the C.U.I., but then he is pathetically anxious to attract some woman to relieve his loneliness. His best chum is his police colleague Reed, with whom he can discuss his needs; Lois's only chum is Pollock, who uses her repulsively. Which pair is preferable?

Every man in *The Lodger* uses Lois, and the play sets up quite a range of misogynies. Most overt and chilling, Reed to Wise, after a few drinks: "Pity we're not queer...A quick shag after footie...I can't see the point in women." And yet - nice twist - Lois refuses to see the world as men vs. women. Though she resists Pollock's control over her, she defends him from Wise and Reed. They are cops (corrupt and brutal cops - another chilling element, especially after recent headlines); Pollock and she, she insists, are just perpetual social victims.

The Lodger, which won Burke the 1992 Mobil Playwriting Competition for Manchester's Royal Exchange Theatre (which performed it earlier this year), holds the attention easily for just over two hours. At its best, the dialogue has the menace and suspense of early (pre-1969) Pinter. It includes several glib jokes that amuse without developing the play. (Lois about Wise: "He's not that bad. He doesn't go round closing hospitals or anything.") The play disintegrates, however, as its several mysteries are elucidated. We are all p.c. enough to applaud Lois's resilience. But no character has been explored in depth.

The performance, however, is excellent, apart from two of the most unconvincing stage slaps I have ever seen. The director,

Richard Wilson (yes, he of *One Foot in the Grave* and *The Weekend*), hangs tension in the air from the very first moment. He and his designer, Julian McGowan, create several dark scenes, turning limited space to claustrophobic advantage. Body language and verbal pacing are full of meaning and suggestion. Amid a good cast, Julia Ford and Philip Jackson, as Lois and Wise, perfectly control the ambiguous lights by which we see them.

Anyone seeking civilised entertainment in Covent Garden should fall into the Donmar for the next week or so where Maria Friedman is appearing "by special arrangement," writes Antony Thornecroft.

The "special arrangements" are the settings to her songs. Friedman asked leading musicians to come up with new ideas to pep up cabaret standards. So just as you settle back for the soothing familiarity of Bernstein's "Something's Coming" from *West Side Story* you get challenged by discords from Jason Carr's arrangement which suggests, rightly enough for the young leads, that what is coming is best avoided.

In practice Friedman is such a strong performer - quirky face; blurring voice; confident personality - that you hardly notice the new garments. Also her choice of songs - two yearningly sad Yiddish compositions from the Vilna Ghetto; lots of fairly rare Michel Legrand - lifts her performance out of the comfortable rut of most cabaret. The quirky arrangements from Jeremy Sams, Jason Carr, and more, are a bonus.

Although it is a pleasure to come across such novelties as a lament from a little girl swallowed by a bear, I could have done with more Broadway and less Brel. Making something of "If you go away" is meat and drink to any half decent late night chanteuse, but discovering the panache in that most populist of all Cole Porter songs "I happen to like New York" is a real achievement. Of the moderns Sundheim comes out best; his work always seems sharper delivered up front and solo than from the wide open stage. Perhaps Friedman's greatest coup was converting Elton John's "Sorry" seems to be the hardest word" into a sophisticated, heart wrenching, theroddy.

So a happy two hours. Excellent band, too. The best is left for the encore: a wonderfully defiant "Broadway Baby". Someone should book Maria Friedman's ticket now.

INTERNATIONAL ARTS GUIDE

BERLIN

CONCERTS

Selfi Ozawa conducts the Berlin Philharmonic Orchestra and Ernst Senff Chorus tomorrow and Wed at the Philharmonie. The programme is devoted to Berlioz's *La Damnation de Faust*, and the soloists are Waltraud Meier, Vinson Cole and Sergel Laifursson. The orchestra's Faust series continues on Sun and Wed Mon with Schumann's *Scenes from Faust*, conducted by Claudio Abbado (2548 8132). Tomorrow at the Schauspielhaus, Marcello Mott conducts the Orchestra of the Deutsche Oper in works by Tchaikovsky and Schubert, with violin soloist Silvia Marcovici (2090 2168).

Opera

Parisi Schott gives a song recital on Wed at the Deutsche Oper. Repertory includes Don Giovanni with Sergio Mieses and George Whyte's new *Dayus* opera, with music by Swiss composer Joet Meier (841 0245). The Staatsoper under Jan Linder has Giselle, Der

Fleischhützel, Tosca, Paul Dessau's opera *Die Verurteilung des Lukullus* and Roland Petit's ballet *Dix* (200 4762/2035 4494).

NEW YORK

THEATRE

Broken Glass: set in New York in 1938, Arthur Miller's latest play is a short, discursive but compelling study of paranoia in the face of crisis (Booth, 222 West 45th St, 239 8200).

Three Tall Women: a moving, poetic play by Edward Albee, dominated by the huge, heroic performance of Myra Carter. She, Jordan Baker and the droll and delightful Marlon Seldes represent three generations of women trying to sort out their pasts (Promenade, Broadway at 78th St, 239 8200).

Angels in America: Tony Kushner's two-part epic conjures a vision of America at the edge of disaster. Part one is *Millennium Approaches*, part two *Perestroika*, played on separate evenings (Walter Kerr, 219 West 48th St, 239 8200).

Four Dogs and a Bone: John Patrick Shanley's satirical comedy about movie-making and power plays in Hollywood (Lucille Lortel, 121 Christopher St, 924 8782).

All in the Timing: six sparkling short plays by David Ives add up to one enchanted evening (John Houseman, 450 West 42nd St, 239 8200).

She Loves Me: the 1963 Book, Hamrick and Masteroff musical is a delicate, unabashedly simple story with all the humanity, integrity and charm that Broadway's mega-musicals lack (Brooks'

Atkinson, 256 West 47th St, 307 4100).

Carousel: Nicholas Hytner's bold, beautiful National Theatre production from London launches Rodgers and Hammerstein towards the 21st century (Vivian Beaumont, Lincoln Center, 239 8200).

DANCE/MUSIC Metropolitan Opera American Ballet Theatre's Spring season ends this week with performances of *La Sylphide* and *Giselle* (382 6000).

State Theater New York City Ballet's Spring season runs daily except Mon 28 June 26, with choreography by Balanchine, Robbins, Martins and Tannor. Several evenings are devoted to The Diamond Project, featuring new neoclassical ballets by Ulysses Dove, Richard Tanner, Robert LaFosse and nine other choreographers (870 5570).

Avery Fisher Hall This week's New York Philharmonic concerts are conducted by the orchestra's music director, Kurt Masur. Tomorrow's programme is entitled *American Experiences*, with music by Ives, Ruggles and others. Thurs: symphonies by Mozart and Bruckner. Fri: Mahler's Ninth. Sat: world premiere of Ned Rorem's new Concerto for cor anglais, plus works by Strauss and Beethoven (875 5030).

JAZZ/CABARET

Modern Jazz Quartet begins a four-night-run tonight at the Blue Note. This stalwart quartet stands at the intersection where bebop and the blues meet classical, and there's nothing stuffy about it (131 West 3rd St near Sixth Ave, 475 8582).

Andreas Marcovici is in the midst of an Irving Berlin tribute at Algonquin Hotel, mixing some rarely heard pieces with classics like *Cheek to Cheek* (59 West 44th St, 840 8800).

Vernal Bagnier offers a substantial tribute to Jelly Roll Morton at Michael's Pub, where Woody Allen continues his job as clarinet player every Monday (211 East 55th St, 758 2272).

Bobby Short, singer and showman, is in residence at Carlyle Hotel till mid-June, giving royal treatment to game by Gershwin, Ellington, Berlin and Cole Porter (Madison Ave at 78th St, 744 1600).

PARIS

DANCE Palais Garnier The Paris Opera Ballet's next production is a programme of 20th century classics, opening on Sat and running till June 21. It consists of Harald Landier's *Etudes* (1952), Jerome Robbins' *In the Night* (1970) and William Forsythe's *In the Middle* (1987).

A second programme, comprising works by Antony Tudor, Paul Taylor and Kenneth MacMillan, opens on June 17 (4742 5371).

Théâtre de la Ville Compagnie Michèle Anne de Mey is in residence this week with a new choreography of Stravinsky's *Pulcinella*. Next week: Jan Lauwers and Needcompany, June 15-22: Lyon Opera Ballet (4274 2277).

OPERA

Bastille A new production of *Tosca*, staged by Werner Schroeter and conducted by Spiros Argiris, runs

till June 17 with changing casts headed by Carol Vaness/Galina Kalinaia, Giacomo Aragall/Vladimir Plozov and Sergei Leiferkus/Jean-Philippe Lafont (this week's performances are tonight and Fri). There are also performances on Wed, Sat and next Tues of André Engle's production of *Lady Macbeth of Mtsensk*, with a cast headed by Mary-Jane Johnson and Jacques Trussel, conducted by Myung-Whun Chung (4473 1300).

Opéra Comique Final performances of *Don Pasquale* are tomorrow, Thurs and Sat, with cast headed by Gabriel Bacquier and Leonora Vaduva (4288 8888).

CONCERTS Salle Gaveaux Tonight: Victoria de los Angeles sings Schubert, Faure and Granados. Tomorrow: Edita Gruberova, accompanied by Friedrich Haider, in a Schubert, Dvorak and Brahms recital (4953 0507).

Théâtre des Champs-Élysées Tonight: Gabor Ondor conducts Buenos Aires Philharmonic Orchestra in works by Glazounov, Strauss and Prokofiev. Tomorrow: Antonello Altomani conducts Orchestra Colonne and Chorus in concert performance of Leoncavallo's *I Pagliacci*, with cast led by Amadeo Zamboni and Adella Tabladon. Wed: Françoise-René Duchable, Michel Dalbert, Jean-Philippe Collard and Jean-Marc Luisada play concertos for two and four pianos by Poulenc, Mozart and Bach. Fri: Mariss Jansons conducts Oslo Philharmonic Orchestra in works by Weber, Bruch and Mahler, with violin soloist Maxim Vengerov. Next

Mon: Natalia Gutman plays Bach cello suites (4952 5050).

Bastille Tomorrow: Myung-Whun Chung conducts Opéra Orchestra in symphonies by Haydn and Mahler (4473 1300).

Salle Pleyel Tomorrow: Krystian Zimerman piano recital. Wed, Thurs, Sat: Leonard Slatkin conducts Orchestre de Paris in works by Purcell/Britten, Elgar, Dvorak and Bartok, with violin soloist Isaac Stern. June 7: Radu Lupu is soloist with Academy of St Martin in the Fields (4561 0630).

JAZZ/CABARET Singer and keyboard artist Davey Crawford, the latest discovery of the New Orleans jazz and blues scene, is in residence this week and next at Lionel Hampton Jazz Club. Music from 10.30 pm to 2 am (Hotel Meridien Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4058 3042).

THEATRE

The Prince of Homburg: Kleist's drama about state power and individual freedom is directed by Alexander Lang at the Mogador Comédie Française. In repertory till June 12 (4878 0404).

Claudia: Charlotte Gainsbourg and Maurice Bénichou star in David Mamet's celebrated two-hander about sexual harassment on the university campus. Daily except Mon at Gaîté-Montparnasse E-4322 1618).

The Homecoming: Harold Pinter's menacing drama is directed by Bernard Murat, daily except Mon at Atelier, place Charles-Dullin (4806 4824).

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV (Central European Time)
MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY
NBC/Super Channel: FT Reports 1230.

TUESDAY
EuroNews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Monday May 30 1994

Bringing China into the Gatt

By ending the link between China's human rights behaviour and its receipt of most-favoured nation trading status, President Clinton has opened the way for a more fruitful relationship between Washington and Beijing, as well as between the west and Asia. With the MFN ritual now apparently abandoned, all sides must work to make China a full, open and fair player in world affairs. The framework for this participation will be set by the terms of its entry into the General Agreement on Tariffs and Trade (GATT).

Mr Clinton's decision was correct. It is not that trade sanctions are necessarily appropriate for human rights abuses. On the contrary, it is reasonable to appraise the use to which countries are putting trade privileges, as well as considerable flows of foreign money in export proceeds, loans and investments. But each case is different.

For China, the influx of foreign capital and ideas is a force for good. Helping to support reforms which have brought greater prosperity and economic choice to most Chinese, it is their best hope for obtaining wider freedom by orderly means. Isolation of China through MFN withdrawal would have been a severe blow to reform. Those are the principles. But of course pragmatism also played a large role in Mr Clinton's embarrassing climbdown from the human rights conditions which he set a year ago for MFN renewal. The threat was too huge and too self-damaging a weapon to be effective, imposing as it did a timetable that was not likely to win the co-operation of those in Beijing who were supposed to meet it.

Economic dynamism

Had MFN been withdrawn, American companies would have lost out to their international competitors in terms of investments, markets and broad strategies in the region. The resulting deterioration of Sino-American relations would also have weakened US efforts to forge greater trans-Pacific co-operation, since most of Asia would have sided with China. Rather than creating friction, the aim must be to build relationships which recognise the extraordinary economic dynamism of Asia, and to do whatever is possible.

The pursuit of the millennium

The appointment of nine millennium commissioners to help the UK celebrate the year 2000 has not exactly caught the nation's attention. The man or woman on the Clapham omnibus would have great difficulty in saying what they were for, let alone naming any one of them. Yet these nine commissioners will be responsible for spending almost £2bn of public money over the next seven years. The manner of their choosing and the way in which they propose to discharge their task reflect much that is tired about British public life.

First, their choosing. They have, in the time-honoured way, been appointed by the crown on the recommendation of the prime minister. Like the membership of a royal commission, they have been selected to represent as many interests as possible. The Cabinet Office list of the great and the good has been raided once again. There is a Scot whose father is the largest landowner in Britain. Mr Simon Jenkins, the distinguished journalist of Welsh extraction, will guard the interests of Wales. From Northern Ireland, there is a businessman who was Olympic bobsleigh gold medalist in 1964. A property developer represents the north of England. There are two women (one from an ethnic minority) and a businessman-cum-quangocrat nominated by the leader of the opposition. The team is completed by Mr Michael Heseltine, the trade and industry secretary, and Mr Peter Brooke, the national heritage secretary who chairs the commission.

No visionaries

These are not the visionaries who might bring original insights to the celebration of the millennium. Yet they will spend a fifth of the proceeds of the new national lottery, predicted to total about £20bn over seven years. With more than £250m a year at their disposal, the commission will enter the FT Top 40 quangoes at around 22nd place. Like thousands of other government nominees on quangoes who dispose of more than a fifth of public expenditure, the commissioners will be accountable only to Whitehall.

The procedures they are to adopt for deciding how to spend these considerable sums conveys

blat to ensure that it develops in partnership with, rather than in opposition to, the west.

The west needs China to play a full role in international affairs, as a permanent member of the UN Security Council with an influential role among developing countries. With its economy and trade growing so fast, China must also be an open and fair trader.

Fragile relationship

So the initial foundation of China's enhanced role in the world will be the protocol covering its accession into GATT or the successor World Trade Organisation. GATT entry will serve another important purpose, since China's participation in the world economy will be based on a contract with all trading partners. The excessive burden currently placed on an evidently fragile Sino-American relationship will be reduced.

It will be a tall order to agree China's accession to GATT this year, before the WTO takes over. Though investigations have been under way for several years, the GATT working party is still concerned to understand exactly how the Chinese economy works. Negotiators need to be sure that China's trade policies are fair and uniform - difficult when there are so many special zones offering different incentives - and that the operation of state-owned enterprises is open, particularly the subsidies which they receive. These issues will form the basis for other countries' ability to compete with China. China's entry needs to be treated with urgency, but not rushed through.

GATT membership leaves countries free to take action against objectionable practices such as the export of prison-produced goods. In this area in particular, governments - hitherto excessively relaxed - should stiffen their efforts to curb China's abuses. Pressure over human rights issues must form an important part of the full and broad engagement with Beijing which should follow Mr Clinton's decision. It may be more effective than a threat which has elicited the refusal of a few dissidents before each deadline. If the opportunities afforded by the change of US policy are seized, it will be to the benefit of the west as well as of the Chinese people as a whole.

an uncomfortable sense of ennui. The commission will consult the wider world through a series of regional meetings with "opinion-formers". The composition of those groups can only be guessed at. But it is unlikely that they will produce the surge of popular enthusiasm that would generate proposals capable of leaving a mark on history or inspiring national renewal.

Worthy projects

Already there is a queue of worthy projects building up for a share of the funds. In London, the Royal Opera House, Covent Garden, the South Bank Centre and the Tate Gallery are all looking for substantial sums. A South Kensington consortium including the Royal Albert Hall, the museums and Imperial College, is competing for money to turn this well-heeled London district into an arts and education centre. Outside the capital, there are proposals for a gallery of Scottish Art, a sports arena in Manchester and an opera house for Cardiff.

Such projects should be ruled out if only because they are already eligible for a share of the other four-fifths of the lottery proceeds - to be divided between the arts, sport, charities and the national heritage. The millennium fund should be used for something more exciting, to make a mark on the national consciousness. The money could be used to create a scheme to give every young person an opportunity to live in another European country for a month. Or, following Keynes's suggestion, part of it might be buried in the ground for people to find through hard work.

But the decision should not be made by such a narrow group of individuals. The commissioners should conduct polls, surveys and other exercises to search out new ideas. If the nation will be riveted to the sofas for the weekly national lottery draw on television, the occasion could be used to present and debate more ambitious ideas. Viewers in their tens of thousands already use their telephones to vote in TV talent contests and to decide which celebrity should be dipped in a gunge-tank on prime time variety shows. No less is needed in celebrating this unique opportunity.

The IRA's search for Irish-American support makes it more vulnerable to demands from the US that it end violence, says Jimmy Burns

Bill Clinton knows how to hold a party. On March 17, St Patrick's Day, the US president played host to a gathering at the White House which those attending will not easily forget. The guest list, led by Irish Prime Minister Albert Reynolds, included US trade union leaders, presidential advisers, human rights lawyers, businessmen, congressmen and senators. All were drawn by enthusiasm for America's Irish heritage.

The evening underlined Clinton's own interest in Irish affairs. He was meeting the challenge laid down by Reynolds, that, as "political leaders, we must show daring as never before... in bringing about the goal of peace".

Among those attending was a leading Irish American businessman Don Keough, the former head of Coca-Cola. Commenting on the significance of the evening for Irish Americans, Keough said: "It's like the end of a journey. We all had a feeling of finally arriving."

There has been Irish razzamatazz in the White House before. John F. Kennedy held some cultural soirees, and Ronald Reagan entertained Tip O'Neill, the legendary speaker on Capitol Hill. But never had the invitation list been so long; never had the evening been so political in its scope, drawing in many of those interested in that most touchy of Irish subjects, Northern Ireland.

As Clinton himself later boasted, the last time the White House had hosted a comparable party was under "Old Hickory" Andrew Jackson, the first Irish American to be voted in as president.

So who has arrived and where? On the basis of blood alone, Clinton is not a natural player in American ethnic politics. Much as he might have proclaimed his Irish roots during his presidential campaign, these are not particularly deep or immediate. One theory is that his maternal ancestors, the Cassidy, settled in South Carolina in the 17th century, Protestant emigrants from Ulster.

This is hardly the stuff of Irish nationalism, but it was enough for the Clinton presidential campaign to set up Irish liaison groups and to garner as many votes as Kennedy did among Irish-Americans.

In return, Clinton promised the Irish-American community that he would not only have a grasp of Irish issues, but that he would deliver on them. "Under Clinton, Irish-Americans have been allowed and encouraged unprecedented access to key White House officials."

The visa decision brought to the surface British nervousness about Clinton's attitudes on Northern Ireland, particularly that the IRA was about to get a pat on the back. But the visa was never intended as an endorsement, nor did it turn out that way. So says Nancy Soderberg, a senior member of the US National Security Council, who helped persuade Clinton to grant it. Ms Soderberg is a self-assured, young political operator who, as a former foreign affairs adviser to Senator Ted Kennedy, spent years

going to herald a warm spell that should last all summer long. May was colder than usual with the odd ground frost, he said. The frogs felt confident enough this year to lay their eggs at the edge of his neighbour's pond. Dry springs are ensured when the spawn appears out in the middle.

The swallows arrived early, always a good sign, and the oak was out before the ash, an essential for a fine summer.

Ms Liberty gets a rival

China is on a bit of a roll at the moment. Last week the US abandoned attempts to link China's trade status with human rights. Now Shanghai wants to erect a bigger and better version of New York's Statue of Liberty.

It is only five years since some of China's "huddled masses" were massacred at Tiananmen Square, so it seems a bit rich to erect a monument celebrating liberty. However, Shanghai, which has soaring ambitions as a financial and trade hub, wants to mark the turn of the century with an eye-catching sculpture. Whether it will be on Chongming Island at the mouth of Yangtze, or Wusongkou island, hasn't been fixed yet.

What's not in dispute is that it will be 118m tall, compared with Miss Liberty who is 92m tall if she stands on her pedestal.

Summer break

Back up your sunglasses and beach towels. Bill Foggett, the 81-year-old Thrush weather sage, says the spring bank holiday is



Ballot blarney before bombs

listening to the debate over Northern Ireland. She believes Clinton is committed to conflict resolution, as a facilitator rather than intervener.

"We wanted to expose Adams to American opinion that is opposed to violence and try to reach out in favour of moving the peace process forward," she says.

Clinton's record in conflict resolution elsewhere is not sparkling. But his aides believe a helping hand from the White House - drawing on the support of most of the 44m Irish-Americans - could bolster the Irish peace process, widely viewed as irreversible.

The man who invited Mr Adams to the US, Bill Flynn, hardly fits the picture of the republican hard nut depicted by the British tabloid press. He is president of Mutual of America, one of the biggest insurance companies in the US, with offices on New York's Fifth Avenue, a prime mid-town location.

Until seven years ago, Flynn, a third-generation Irish-American with a sentimental attachment to things Irish, steered clear of political involvement in Northern Ireland. Then one day, a group of IRA sympathisers from the Northern Aid Committee (Noraid) - the group once described by British and Irish authorities as the main vehicle in the US for funds and arms to the IRA - came to his offices and asked him to give to the Irish republican cause. "I told them I couldn't do it. So they said: 'Now look here, Flynn, if you believe in a united Ireland, what the hell are you doing about it?' They made me feel like a draft dodger," he recalls.

So Flynn became involved not in Noraid but in the Northern Ireland Peace Movement, which is opposed to IRA violence. He subsequently joined a number of business groups which work closely with the British and Irish governments to promote a stable Northern Ireland through informal mediation and increased investment. His reaction to the Anglo-Irish joint declaration in December last year, which seeks to establish a basis for peace in the province, was enthusiastic.

"It was a fine declaration and I took my hat off to John Major and Reynolds. It was a breakthrough," says Flynn. It was in this spirit that Flynn

invited Adams in February to speak at a conference on the future of Northern Ireland - which sparked off the visa row. "I wanted to help the process towards peace," says Flynn. He believed then, and still believes, that far from promoting the IRA's armed struggle, the Adams visit strengthened the hand of moderates in the republican movement and exposed republican hardliners to the moderation of most Irish-Americans. He has no regrets about the invitation.

Drawing on his contacts in the Irish republican movement, Flynn says: "I think the Adams visit achieved more in 48 hours than 20 years of violence did. He realised that if he was to make progress, it would have to be through dialogue and not through the bullet."

The majority of senators and

although I have urged them to lay down their arms. Given my family's history of assassination, how could I possibly condone the use of a gun to make a political point?"

On the Hill, the one person who speaks out unflinchingly and often in defence of the IRA is Peter King, a Republican congressman from Nassau, New York state. The son of a New York policeman of Irish descent, King says he supports the IRA out of personal conviction, having been converted to the cause after Bloody Sunday in 1972, when British paratroopers shot dead 13 civilians in Northern Ireland.

Willie King has few supporters among congressmen or in his constituency, he personifies a sentimental loyalty to the Irish republican cause as well as the anglophobia which dates from the 1940s, when the first flood of Irish immigrants came to America after the Irish famine.

This patriotism - American-style - was once described by James Stephens, the Fenian leader, as a "windbag or a phantom, the laughing stock of sensible men". It sprang from ethnic insecurity and a sense of profound powerlessness as poor Catholic immigrants tried to forge an identity in a country settled by Puritan colonists. From the early 1970s, it became a source of funds and guns for the IRA as Irish-Americans, mindful of the civil liberties enshrined in the US constitution, protested against what they considered human rights violations against Northern Ireland's Catholic minority.

One of the Irish-Americans deeply embedded in republican folklore is Michael Flannery, founder in 1969 of Noraid. Flannery fought in the IRA's North Tipperary brigade before emigrating to the US after partition in 1921. There, Flannery and a few friends set out to radicalise some of the social clubs catering for Irish expatriates.

Today, aged 62, poor, lonely and suffering from arthritis, Flannery personifies the romance and the limitations of Irish republicanism in the US. He lives with his memories in Jackson Heights, a New York

suburb where Irish Americans are now outnumbered by Latin Americans, and where drugs trafficking is more common than Irish republican propaganda.

Flannery chuckles as he recalls how in 1989 he was acquitted of raising \$16,800 for the purpose of supplying rifles to the IRA. The prosecution collapsed after defence lawyers uncovered potentially embarrassing connections between the arms dealers and the CIA. "They never proved we were financing the IRA," Flannery says.

Flannery left Noraid in the late 1980s after the organisation split over whether Sinn Féin and the IRA should continue abstaining from politics in the south of Ireland. Those who remained in Noraid supported political involvement in the south, alongside armed struggle in the north. Flannery rejected political involvement. But he remains committed to the armed struggle as the means to achieve one state on the island of Ireland.

Noraid's current chief, the much younger Martin Galvin, works from a lawyer's cramped office in New York's Bronx area. Galvin insists Flannery jumped ship unnecessarily. "He thought we were going away from republican principles and the armed struggle would be wound down. The last eight years have proved that these [years] were not justified."

Yet Flannery is not alone in thinking that Noraid, for all its rhetoric, has gone "soft". The FBI and British intelligence believe Noraid's fund-raising abilities have diminished - down to less than \$200,000 a year from close to \$1m in the early 1980s. This is the result of splits in the movement, recession, FBI infiltration, and better information being made available about Northern Ireland.

There is now evidence that Noraid no longer represents the hardest line among Irish-Americans. At a ticket-only banquet held by an offshoot of the organisation, called Friends of Irish Freedom, in South Boston this month, a keynote speaker by Tommy McKeeney, a former IRA member who served 15 years for shooting a British soldier, rejected the joint declaration outright. He was warmly received by 200 people from the Boston unit of the organisation when he said Gerry Adams should insist British troops get out of Northern Ireland before further negotiation, or hand over the Sinn Féin leadership to somebody else.

Though the Friends represent only a small minority of Irish-Americans, they might be a source of support for a reconstituted armed struggle if some militant Irish republicans were to end violence in response to the joint declaration.

Despite divisions among Irish republican supporters, US interest in Northern Ireland seems certain to increase in coming weeks. Bars in New York, Chicago and Boston are gearing up with sweat-shirts, stickers, baseball caps and advance block bookings for matches, as they await the arrival of the Irish World Cup football team and its supporters. The turn-out will represent the biggest single instance of Irish immigration, albeit temporary, since the famine. And some bars will, no doubt, be collecting for the IRA.

The earlier Irish migration sprang from suffering and fostered a romantic sense of Irish history which militant republicans have been able to translate into money for guns. While the first Irish immigrants clambered on to American shores as supplicant refugees, today's festive Irish fans will find a community of Irish cousins who have themselves "arrived" and are now finding their voice around a new US presidency.

It is not the type of community in which the IRA can take for granted support for its campaign of violence. Numbering about five times as many Irish men and women as live in Ireland, north and south, the majority's politics is informed by moderation. As Bill Flynn puts it: "I think the real power of the Irish Americans has been awakened. It's available to anyone who wants to be a peacemaker."

Step up, President Clinton.

OBSERVER



"Can he recite lottery numbers under pressure?"

been appointed an executive director of Newspaper Publishing. Since virtually everybody else on the board is non-executive, Cellini will be in a powerful position in a company which doesn't have a chief executive. He will be responsible for managing those activities not contracted out to the Mirror Group Newspapers, such as printing and marketing.

One school of thought suggests that he has been imported to keep an eye on Cornal Riklin, 38, the Swiss who did put on the

Newspaper Publishing board by MGN's David Montgomery. Both went to US business schools and are ex-management consultants. However, a more likely suggestion is that Cellini has been brought in to keep an eye on Andreas Whittam Smith, the founder, editor-in-chief and chairman of Newspaper Publishing.

Heavy going

Interest in the OECD secretary-general stakes is hotting up ahead of next week's annual meeting of the Organisation for Economic Co-operation and Development.

It is unclear whether the winner will be announced at the meeting or whether the race will be extended. But students of racing form believe that Jean-Claude Faye, the current secretary-general, lies well back in the field while Lord Lawson, the former British chancellor of the exchequer, has been catching up fast on Don Johnston, the North American favourite.

However, Johnston's trainer, Canada's Foreign Affairs department, desperate to disprove gossip that Johnston is finding it heavy going, has been circulating a 14-page collection of Johnston's thoughts. These include extracts

from his memoirs, *Up the Hill*, and gems from a recent speech to the Ontario Sewer and Watermain Contractors' Association.

Nuts

The polluter must pay. And so say all of us. Last week, Petrobras, Brazil's state oil company and one of the most inefficient in South America, was blamed for an oil spill which polluted 18 beaches along the São Paulo coast. It was the second worst on record, according to the environmentalists. Ceteas, an environmental agency, sprang into action and announced that Petrobras was to pay double the maximum fine, since it was by no means its first offence. But - and such are the joys of inflation - what was a daunting sum in 1991 now amounts to just \$2. Less than the cost of a cup of coffee.

Poor reception

Concern about the quality of the output of some of Britain's new ITV franchise holders, highlighted by last week's review by the Independent Television Commission, reminds Observer of an old definition: Television is a medium because it is neither rare nor well-done.

Hungary's ex-communists poised to resume power

By Nicholas Denton in Budapest

Former communists are poised to regain power in Hungary after scoring an overwhelming victory in yesterday's second and decisive round of parliamentary elections.

The Hungarian Socialist party, having won 38 per cent of the vote on May 8, extended its strong first-round lead and was last night within grasp of an absolute majority of seats, which had been feared by the business

and diplomatic communities. An exit poll showed the Socialists performing better than expected and projected the party as taking 208 of the 386 seats in the new parliament. That would enable it to govern without the moderating influence of a coalition partner.

The electorate has apparently forgiven a party discredited by its origins in the communist regime.

Hungary joins Poland and other east European countries

where economic hardship has pushed voters back into the embrace of revamped communists.

In yesterday's vote, the Socialists appear to have relegated the Hungarian Democratic Forum, at present the largest party in the parliament, to a humiliating third place with an estimated 34 seats, down from 166 in 1990.

The Socialists have said they will invite the Alliance of Free Democrats, the liberal party placed second with a projected 75

seats, to join a coalition government.

However, the Free Democrats declared that an absolute Socialist majority would all but preclude their participation in a coalition in which they would be dispensable allies.

Western business people and diplomats have favoured Free Democrat involvement as a guarantee that the Socialists would stick to their commitment to free markets and integration with the west.

Tapie to challenge bank on debt deal

By Alice Rawsthorn in Paris

Mr Bernard Tapie, the French politician and businessman, has promised to challenge Crédit Lyonnais today by launching a legal action to overturn the bank's decision to terminate his five-year debt repayment agreement.

The court case is an attempt by Mr Tapie, whose Energie Radicale movement is riding high in the polls on the eve of the European elections, to prevent Crédit Lyonnais from demanding the immediate repayment of a large portion of his FF1.2bn (\$200m) loans.

Crédit Lyonnais sent a bailiff to Mr Tapie's Paris town house 10 days ago to serve notice that it was revoking an agreement signed in March giving him five years to repay his debts. The bank stepped up the pressure last week by demanding that Mr Tapie repay FF450m by next Thursday, and at the weekend, it took out a seizure order over FF100m of cash held by one of his companies.

Mr Tapie has suggested the Crédit Lyonnais demands are part of an establishment plot against him. He said at the weekend his lawyers would take out a court order to force the banks to abide by the original five-year agreement.

Crédit Lyonnais is trying to clean up its loan book as part of the FF4.5bn government-backed rescue package orches-

trated by Mr Jean Peyrelevade, its new chairman. The bank says the move against Mr Tapie reflects concern about his financial state and the risk of claims from other creditors, notably the tax authorities, which are investigating the purchase of the Phocéa, his luxury yacht.

However, associates of Mr Tapie yesterday dismissed the bank's position as "totally unjustified".

The confrontation comes during Mr Tapie's campaign for the European elections, but, so far, the legal and financial threats appear to have boosted his popularity.

His populist Energie Radicale movement still commands about 10 per cent support for the elections and he is now the leading left-wing contender for next spring's French presidential vote.

An opinion poll in yesterday's Journal du Dimanche newspaper puts Mr Tapie in third place for the presidency with 10 per cent support, ahead of Mr Jacques Delors, president of the European Commission, and Mr Michel Rocard, the Socialist leader.

The only contenders ahead of Mr Tapie are Mr Edouard Balladur, centre-right prime minister, with 19 per cent, and Mr Jacques Chirac, conservative mayor of Paris, with 13 per cent. But Mr Tapie shares first place with Mr Balladur among voters aged 18 to 30, among whom both men have 16 per cent support.



Gyula Horn of the Hungarian Socialist party votes in the second round of the parliamentary elections. Mr Horn is wearing a brace for his neck, which was injured in a car crash.

THE LEX COLUMN

Equity debate still opaque

The debate over whether UK equity trading should be made more transparent reaches a milestone tomorrow the last date for responses to the Securities and Investments Board discussion document on the topic. But a consensus is still elusive.

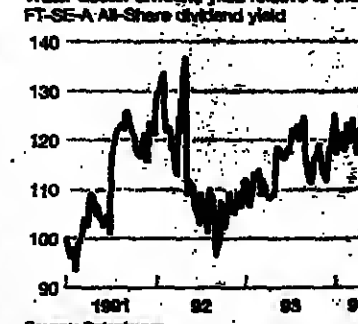
On the side of transparency are derivatives traders and some, but not all institutional investors. They would like access to the prices at which market makers offer to trade shares with each other through inter-dealer broker screens. The traders feel such prices are nearer to shares' "true" prices than the mid-points between bid and offer shown on Sean, and so are better for pricing options and futures. Similarly, some investors think a glimpse at the IDB screens would help them negotiate better deals.

Market makers, by contrast, argue that secrecy is necessary for them to lay-off the risks they incur through quoting continuous two-way prices. More openness over IDB prices would lead to a squeeze in their margins. Equally, if they could not hide the prices at which large blocks of shares are traded, others would know if they were long or short and so take advantage of them. Transparency would force them into defensive trading strategies, and so reduce market liquidity.

This debate cannot be resolved on theoretical grounds. The respective advantages of openness and liquidity have to be weighed. Since what is needed is effectively a cost-benefit analysis, SIB should commission an economic study to inform the next stage of its deliberations.

UK Water

Water Sector dividend yield relative to the FT-SE-100 All-Share dividend yield



Source: Datastream

which thought it was simply confirming something the market already knew - that this year's first half would not look good against the same period of 1993 when the yen was lower. Ladbroke at least divulged something new about the weakness of its credit betting business. But in neither case was the statement easy to evaluate. The provision of some extra information inevitably leads to a demand for more.

Much though companies shy away from the effort involved, it looks increasingly as though quarterly statements may be the answer. Investors would have some numbers to go on, which would not need to be audited, instead of just the chairman's annual meeting text. Moreover, a quarterly statement would be regarded as routine. If disappointments emerged, it would not necessarily be dubbed with the title of profits warning.

Corporate Disclosure

Annual meetings have become more exciting in the wake of the stock exchange's guidelines on corporate disclosure. More companies are using the occasion to make significant statements on trading, just as the guidelines require. The market, however, is not quite sure what to make of it all. Both Ladbroke and Inchcape fell sharply on annual meeting statements that some saw as profit warnings. The new approach is bound to make share prices more volatile than one in which information is allowed to seep gradually into the market. But that is a price worth paying for a fuller disclosure policy. Besides, the market has yet to learn to expect such statements and get them in perspective.

This seems to have been a particular problem in the case of Inchcape,

UK water

Water companies stand out among utilities for having operating costs which have risen since privatisation. The high level of capital investment since then is part of the explanation, since new plant also has to be serviced. But the suspicion remains that Ofwat will impose tough efficiency targets when the results of its regulatory review are announced in July. That would be a way of keeping water bills down while holding out the promise of profits acceptable to the City.

Judging which companies will face the toughest targets is tricky. While companies with large urban populations such as Severn Trent and Thames tend to have the lowest unit costs, that is largely a matter of geography. Ofwat's own comparisons between companies have produced dif-

fering results. Capital efficiency - a company's ability to build facilities cheaply - should also be taken into account. If Ofwat is concerned to hold water bills down, though, companies which have asked for the highest price increases are likely to be told to achieve most by way of efficiency.

Whatever the final outcome, the ability of companies to meet their targets is what matters to shareholders. Companies which can beat their efficiency targets will be able to raise profits and dividends faster than their peers. On that logic, the difference between well-run and badly managed companies will be clearer in the second half of the decade. Water company managers can expect investors to scrutinise their performance more closely.

National Grid

Goldman Sachs' appointment as the National Grid Company's adviser is not only a mark of how US investment banks are invading British banks' home territory. It also moves the Grid's flotation one step nearer. The final decision will be taken by National Grid Holding, the parent company, and the 12 regional electricity companies which own it. But the Grid itself is straining at the leash and Goldman, which masterminded Vodafone's demerger from Racal, will presumably furnish clever arguments for demerger this time too.

The industrial case for demerger looks strong: the Grid would be able to develop its business better if it was free from the tutelage of 12 bickering shareholders. There is also something in the financial case: investors would be able to buy the Grid direct rather than via a Rec where it is submerged by other businesses.

Still, most estimates of how much shareholder value would be boosted look optimistic. It is not possible, as some sales patter suggests, to add the Grid's value of, say, £4bn to the Recs' collective capitalisation of £13bn. Rec shareholders would quickly notice that the Grid's dividends, which account for nearly 10 per cent of Rec earnings, had vanished. They would also appreciate that the Grid's dividends provide high quality income for Recs since they are almost three times covered by the Grid's earnings. Finally, there could be a tax payment of up to £1bn. While ways of avoiding tax can be dreamt up, the Treasury would not be pleased. And, given its golden share in the Grid, it has the power to demand a slice of the profit.

Ups and downs of world's tallest coaster

By Alison Maltland in London

There were more red faces than white knuckles in Blackpool, Britain's leading resort, when the world's "tallest, fastest and steepest" roller-coaster came to a halt during its public debut.

The stoppage, on Saturday, stranded 30 members of the roller-coaster's fan club two thirds of the way up the 235-ft-high ride, was apparently caused by an over-sensitive computer controlling the trains.

"We don't know exactly why

the computer stopped the ride," said Ms Helen O'Neill, public relations director for Blackpool Pleasure Beach, the amusement park that features the 85 mph roller-coaster. "It's so good that it's over-efficient."

The 30 stranded passengers - "most" of whom remained unconcerned - were brought down the ride's 65-degree drop after 10 minutes and given champagne. But thousands of people who had been queuing for 14 hours had to be turned away while engineers checked for faults.

"We investigated for two hours to see if there was anything at all to make it stop," said Ms O'Neill. "We haven't discovered anything untoward." The roller-coaster, was operating normally yesterday.

The roller-coaster, built with 2,600 tonnes of galvanised steel, is named Pepsi Max Big One under a £1m (£1.5m) sponsorship deal with Pepsi-Cola International's sugar-free cola drink.

The ride was designed by Arrow Dynamics of Clearfield, Utah. Its president, Mr Ron

Toomer, suffers from motion sickness and sticks to designing roller-coasters by computer rather than riding on them.

The Thompson family, which owns the 42-acre amusement park in Blackpool and paid £12m for the Big One, will keep its fingers crossed that there will be no repeat of the stoppage when the holiday crowds arrive today.

Tomorrow they will be calling on their Utah consultants to investigate more fully. "We'll be asking them if there's any way of tuning the computer down."

FT WEATHER GUIDE

Europe today
A ridge of high pressure will promote dry and cool conditions in most of western and northern Europe. Scotland and Norway will become cloudy later on. Southern parts of the British Isles, the Low Countries, Germany and Poland will see some sunny spells with afternoon temperatures between 15C-20C. The Alps will have a few showers while the Balkan states and eastern Europe will experience outbreaks of rain. Tropical heat from Africa will slowly expand over southern Europe. Inland areas of Spain will have temperatures above 30C with thunder showers in the late afternoon and evening. It will continue to be sunny and quite warm in Italy and the southern parts of Greece.

Five-day forecast
Western Europe will become much warmer for a short time. The heat from Spain will spread to France on Tuesday and the Low Countries on Wednesday and Thursday. At the same time much cooler air from the Atlantic will spread into the UK and western France causing an outbreak of thunder storms over Benelux and France. Eastern Europe will slowly become warmer, with high temperatures by the weekend.

TODAY'S TEMPERATURES

Location	Max	Min	Weather
Abu Dhabi	37	27	sun
Algiers	32	22	sun
Amsterdam	15	10	cloudy
Athens	28	18	sun
Atlanta	28	18	sun
S. Asia	32	22	sun
Bahia	28	18	sun
Bangkok	32	22	sun
Barcelona	27	17	sun
Beijing	33	23	cloudy
Belfast	15	10	cloudy
Bombay	32	22	sun
Buenos Aires	28	18	sun
Budapest	28	18	sun
Calcutta	32	22	sun
Cairo	32	22	sun
Cape Town	27	17	sun
Caracas	33	23	cloudy
Cardiff	15	10	cloudy
Casablanca	28	18	sun
Chicago	28	18	sun
Cologne	28	18	sun
Dakar	32	22	sun
Dallas	32	22	sun
Dhaka	32	22	sun
Dubai	32	22	sun
Dublin	15	10	cloudy
Dzibrowak	15	10	cloudy
Edinburgh	17	7	cloudy
Faro	25	15	sun
Frankfurt	22	12	cloudy
Geneva	22	12	cloudy
Gibraltar	28	18	sun
Glasgow	17	7	cloudy
Hamburg	22	12	cloudy
Helsinki	14	4	sun
Hong Kong	29	19	sun
Honolulu	35	25	sun
Istanbul	32	22	sun
Jersey	17	7	cloudy
Karachi	35	25	sun
Kuala Lumpur	35	25	sun
L. Angeles	35	25	sun
La Paz	24	14	sun
Lima	22	12	sun
Lisbon	22	12	sun
London	17	7	cloudy
Luxembourg	17	7	cloudy
Lyon	21	11	sun
Madrid	30	20	sun
Manila	32	22	sun
Mexico City	32	22	sun
Monaco	28	18	sun
Moscow	22	12	cloudy
Munich	22	12	cloudy
Nairobi	30	20	sun
Naples	30	20	sun
Nassau	32	22	sun
New York	24	14	sun
Nice	22	12	sun
Nicosia	32	22	sun
Ola	19	9	sun
Paris	17	7	cloudy
Perth	21	11	sun
Prague	23	13	sun
Rangoon	32	22	cloudy
Reykjavik	10	0	sun
Rio	32	22	sun
Rome	28	18	sun
S. Francisco	32	22	sun
Seoul	20	10	sun
Singapore	32	22	sun
Stockholm	15	5	sun
Strasbourg	28	18	sun
Sydney	22	12	sun
Taipei	32	22	sun
Tampere	18	8	sun
Tel Aviv	32	22	sun
Tokyo	25	15	cloudy
Toronto	22	12	sun
Vancouver	17	7	sun
Venice	22	12	sun
Vienna	22	12	sun
Warsaw	22	12	sun
Washington	18	8	sun
Wellington	15	5	sun
Winnipeg	18	8	sun
Zurich	19	9	cloudy

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteor Consult of the Netherlands

Lufthansa Express.
The best connection in Germany
Lufthansa
German Airlines

If you want to know

At Gardner Merchant, we believe that motivation comes

why we're in the

through ownership: which is why 1000 of our senior and

company of 74 of

middle managers have a stake in our Company.

the FT-SE top 100

No wonder top companies trust us to offer the best quality

ask our top

catering service.

1000.

GARDNER MERCHANT
World Service.

DAROME Teleconferencing

Conference calls:
the key to improved
business communications.
For the best service call ...
0800 10 16 10

FINANCIAL TIMES COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1994

Monday May 30 1994



Your Swedish Telecom Partner
UK Tel: 071 418 0305, UK Fax: 071 418 0305

MARKETS THIS WEEK



MARTIN DICKSON:

GLOBAL INVESTOR

Election euphoria is waning in Italy and the Milan equities market, which has far outperformed other leading European bourses this year, has been falling steadily over the past two weeks. Those clever enough to have taken profits at the top will have locked in capital gains of almost 30 per cent since January 1 in local currency terms and roughly 40 per cent in dollar terms. So should investors sit tight in the hope of a rally, or lighten their Italian exposure in expectation of a further decline? Page 19



PETER NORMAN:

ECONOMICS NOTEBOOK

When politicians and opinion formers worry about an economic trend, it is often a sign that something is about to go right. This could be the case with Britain's lagged investment performance, which has long been of concern to the government and groups such as the Confederation of British Industry. Page 19

BONDS:
It has been the same pattern for months now: each time Europe's bond markets edge cautiously higher after a bout of weakness, they get battered by another wave of selling, pushing prices to new lows. Page 20

EQUITIES:
Chartists are back in the limelight as stock market analysts struggle to find their footing. Page 21

EMERGING MARKETS:
Friday offered distinct contrasts in sentiment on China's fledgling stock markets. Page 21

CURRENCIES:
The dollar will again be the focus of attention when traders return to their desks. Page 21

COMMODITIES:
Public holidays in the UK and the US give traders a chance for a breather today, and the investment funds whose money has been mainly responsible for the surge in commodity prices will have an opportunity to consider where they go from here. Page 19

UK COMPANIES:
The board of J.W. Spear, which owns the rights to the board game Scrabble outside North America, has been split by the unsolicited offer for the UK company made by Hasbro, the biggest US toys and games group. Page 16

INTERNATIONAL COMPANIES:
Commerzbank's partial operating profits rose more than 11 per cent in the first four months of this year, indicating a successful full 12 months. Mr Martin Kohlhausen, chairman, told shareholders. Page 17

STATISTICS

Base lending rates	27	London recent issues	27
Company meetings	18	London share services	28-29
Dividend payments	16	Managed fund services	23-26
FT-A World indices	27	Money markets	27
FT Guide to Currencies	17	New int bond issues	20
Foreign exchanges	27	World stock mkt indices	22

This week: Company news

NISSAN

Car demand still falling in the land of the rising yen

Nissan, Japan's second largest car maker, is expected to paint a bleak picture of the state of the country's auto industry when it releases its results on Tuesday.

Domestic demand for vehicles fell for the third successive year during the 12 months to March. It was down by 7 per cent while overall production fell 12 per cent.

Nissan has been one of the hardest hit among Japan's battered carmakers, says Mr Koji Endo, industry analyst at Lehman Brothers.

While the company has made good efforts in the domestic market with the launch of new models, overseas business has been hit by the yen's appreciation against major currencies.

In the first half of the fiscal year, Nissan posted its worst results since it became a public company - a pre-tax loss of ¥38.5bn (£276m) and a net loss of ¥38.6bn.

The company was forced to revise down its earnings estimate for the year and will sell assets, such as properties and securities, to shore up its results.

Mr Endo believes such asset sales will help the parent company break even before tax, but lead to a wider net loss on a consolidated basis due to the poor performance of overseas subsidiaries.

He suggests that the company needs to reduce its models, rationalise aggressively and cut capacity further.

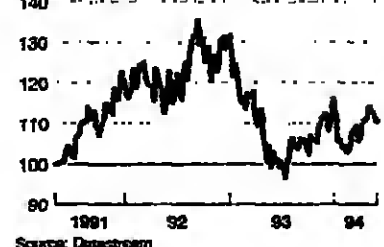
The closure of another plant, in addition to the planned closure of Zama next year, cannot be ruled out, Mr Endo says.

Nissan itself appears more optimistic about the outlook for the current year. It believes it can increase unit sales this year by 7 per cent on the strength of a recovery in domestic demand.

However, the company is cautious about the outlook for exports where the yen's strength is still an obstacle.

Boots

Share price relative to the FT-SE-A All-Share Index



Boots Heart drug provision slows UK drugs group

Boots, the UK retailing and pharmaceuticals group, is expected to complete the latest round of retailers' results on Thursday with an increase in pre-tax profits from £406.7m to about £490m (£690m) before £35m exceptional charges for withdrawal of the Miniplex heart drug.

Boots' shares have enjoyed an easier ride this year than in 1993, when they lost their premium to the retail sector amid concerns over increasing price competition with rival Superdrug, and uncertainty over the future of both the pharmaceuticals business and Do it All, the loss-making DIY joint venture with W.H. Smith.

The price war with Superdrug has cooled, and uncertainty over Do it All ended this month when the venture partners said they had agreed to sell 40 stores and planned to sell 60 more, cutting the chain to 140. They expected it to return to profit in the financial year 1995-96.

Doubt remains, however, about the pharmaceuticals division. Boots has confirmed that Credit Suisse First Boston is valuing the business, but insisted it was keeping all options open.

Analysts believe Boots would be unlikely to be able to sell it without diluting earnings.

For the year to March, Goldman Sachs is forecasting increases in operating profits at Boots the Chemists from £285m to £321m.

OTHER COMPANIES

Berlusconi sale marks distancing of empire

Shareholders in Arnoldo Mondadori Editore, the Italian publisher, meet in Milan today to approve proposals for the sale of up to 53 per cent of the group, which is controlled by the Fininvest media empire of Mr Silvio Berlusconi, Italy's new prime minister. Mondadori would be merged with Silvio Berlusconi Editore, his other publishing interests, before the sale. A roadshow to promote the sale will begin on Wednesday. The notation represents the first step in attempts by Mr Berlusconi to distance himself from his business empire.

■ **Horten:** The stores group is holding its annual press conference in Düsseldorf today. German department stores sales dried in April after an unexpectedly good first quarter. Optimism about prospects for the rest of the year has taken a knock now that the 1994 pay round, resulting in real wage cuts, is starting to tell on spending power. Also today in Düsseldorf, the Mannesmann engineering and mobile telecoms group will hold a results press conference.

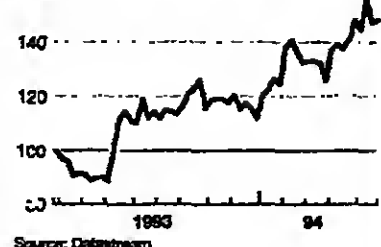
■ **De La Rue:** The UK bank note printer, which ended bid talks with Fortalis on Friday, is tomorrow expected to report annual pre-tax profits of around £121m (£180m), up from £104.7m. The bank note division has benefited from strong demand from the emerging nations of eastern Europe.

Companies in this issue

Breders Eestates	18	Gaz de France	17	National Bank	17
CS Holding	15	Hacera	16	Roche	17
Commerzbank	17	Havas	17	Ryan	16
Creditanstalt-Bank	15	Inchcape	16	Scottish & Newcastle	16
EEG	17	Isotran	17	Slough Estates	18
FKI	16	Ladbroke	15	Spear (M)	19
FNAC	17	Metallgesellschaft	17	Sun Alliance	16
				Syntex	17
				VEW	17

KLM

Share price relative to the CBS All Share



■ **Volkswagen:** Bullish noises are expected from VW at its annual meeting on Wednesday in Hamburg. The group is bidding to break even this year (again). Much depends on the state of play with the Spanish subsidiary Seat, blamed for last year's DML80n (£1.07bn) loss, and which is still restructuring.

■ **Granada:** The UK leisure, television and computer services group reports first-half results on Wednesday. Last time, before the takeover of London Weekend Television, Granada had pre-tax profits of £65m. This time analysts are expecting £90m-£100m, which would be a considerable achievement given that little more than a month's profits will be included from LWT.

■ **KLM:** The Dutch airline is expected to unveil a modest return to the black when it publishes results for 1993-94 on Thursday.



Ferdinand Lacina: will choose between the consortium and CS Holding

Establishment in position to win large minority stake in Creditanstalt-Bankverein

Austrians set to see off foreign bank bid

By Ian Rodger in Zurich

Austria's Conservative establishment looks set to prevent Creditanstalt-Bankverein from falling into foreign hands with its impressive Sch7.2bn (£822m) bid for a large minority stake in the country's second largest bank.

Mr Ferdinand Lacina, the Austrian finance minister, has promised to decide "before summer" on completing the privatisation of the venerable bank, choosing between the consortium's bid and one by CS Holding, the financial group built around Credit Suisse.

The government still holds 49 per cent of Creditanstalt's capital, 70 per cent of the voting power.

Mr Lacina, a Socialist, has made no secret of his preference for CS Holding, even after the consortium's bid, saying Creditanstalt needs a strong strategic partner. But he would put the Socialist-Conservative coalition that has long shared political and economic power in Austria under severe strain if he dismissed such a large assembly of leading Conservatives.

And at a time when the country is facing a referendum on joining the European Union and a national election, neither side has any interest in emphasising

internal tensions. The consortium is led by EA Generali, an insurance company that is controlled in Italy but has its roots in the Austro-Hungarian empire, and by First Austrian, the large Vienna-based savings bank group.

They are backed by 18 blue chip industrial companies, including crystal makers Swarovski, the motor group Porsche, the dominant brewery group Brau-Union and the building materials group Raxet.

Several prominent families, such as the Mayr-Melnhof, owners of a large paper group, have put their personal prestige and money behind the offer.

Moreover, by offering the going market price for half the government's shares and undertaking to back a secondary offering in the markets for the rest, the consortium has shown that it is not trying to win the bank on the cheap by playing the nationalist card.

The reasons for this strong rallying of all the Conservative forces are not just political.

Three years ago, the Conservatives watched helplessly as the Socialists snatched the banking industry lead from Creditanstalt by having their large Vienna savings bank group, Zentralsparkasse, take over the troubled

Länderbank to create Bank Austria.

Then, two months ago, Bank Austria lost patience with the Conservatives' dithering over restructuring the ownership of GiroCredit, the savings banks' central clearing organisation, and snapped it up with a knock-out bid.

The result is that Bank Austria controls directly or indirectly about 60 per cent of all banking business done in the country. Meanwhile, Creditanstalt has been paralysed because of Mr Lacina's hesitation in completing its privatisation.

Early this month, Mr Rainer Gut, chairman of CS, confirmed that his group was interested and Mr Lacina made clear that he would welcome a CS bid.

But then Mr Gut gave a remarkably candid outline of his group's thinking to the leading Austrian news magazine, Wirtschaftswoche. Initially, CS would take a 20 to 30 per cent stake, but it would insist on first refusal of the rest of the finance ministry's shares and ultimately hoped to buy 100 per cent.

Creditanstalt would retain its identity, but would adhere to CS group strategies. More important, he said CS would "de-politicise" it. If that happened, the Conservatives would no longer have a

flagship commercial bank to share the spoils of government and government influenced business. And that would further weaken the Austrian People's Party, already the minority part-

ner in the governing coalition. Mr Lacina and other Socialists might not be disappointed if that happened, but they can hardly be surprised that the Conservatives are fighting back so vigorously.

Taking fright at a hint of bad news

David Wighton looks at the effect of a recent London Stock Exchange rule on trading statements

The City of London is being accused of overreacting to companies' downbeat trading statements in the current round of annual meetings.

Following recent new guidelines from the London Stock Exchange these statements are much more detailed than in the past and some companies believe analysts are assuming they must contain bad news.

Mr John Duncan, corporate affairs director at Inchcape, the UK motors marketing and services group, says: "When anybody puts out a full statement the market inevitably thinks it is a profit warning."

For their part, some analysts and investors are unhappy that annual meetings are now being used to release more detailed trading information, even though the statements are released through the Stock Exchange at

the same time. Says one analyst: "If you need any clarification of the statement on the screen, all the people who can help are at the agm. You either have to trek out to the meeting or wait in the queue for them to return calls." Inchcape saw its shares fall 4 per cent last Tuesday after it gave a detailed trading update at its annual meeting.

Yet Mr Duncan insists that the statement was not a profit warning and that most of the information was already in the market. "When the new guidelines were introduced by the Stock Exchange we were assured that the market would soon get used to them. But how long is it going to take?"

Last week also saw a very full

agm statement from Ladbroke, after which the leisure group's shares fell by 16.5p to 122.5p. Ladbroke said the level of detail in the announcement, which, for example, included sales growth figures for Texas Homecare for the first four months of the year, reflected its new policy of openness as well as the new Stock Exchange guidelines.

Yet in this case there was important new information - that group profits were running below last year because of a downturn in credit betting - and since the market was hoping for an optimistic statement the price reaction was only to be expected.

Knowing that there would be considerable interest in the announcement Ladbroke put it

out over the Stock Exchange news service at 9.30am, well before the statement was made to shareholders at the 11.00am meeting.

The company said this allowed analysts to telephone in with queries before the meeting and helped them decide whether it was worth their while going.

One fund manager, who is against companies giving important new information to the annual meeting, believes Ladbroke's approach is at least some help.

"It makes it more likely investors and analysts can get quick answers to any queries or it may persuade them they are better off jumping in a cab."

But Inchcape's Mr Duncan

argues that releasing the statement early is unfair to those shareholders who are on their way to the meeting and he believes that the communications problems are greatly exaggerated.

"Unless you are holding the agm in the Orkneys and the phone lines go down people are overreacting."

One problem is that the response from companies to the new guidelines has been uneven with many giving no more details on current trading than before, particularly if the news is good. If group profits are "showing an improvement" despite difficult trading conditions many companies will leave it at that.

For those gazing at their City screens the rule of thumb still holds: the longer the trading statement the worse the news. Lex, Page 14

UK group abandons £400m US purchase

By Steve Thompson in London

The steep slide in share prices on the London stockmarket in recent weeks has forced FKI, the Halifax-based electrical engineering and electronic components group, to abandon a £400m (\$600m) US acquisition.

FKI has been involved in discussions with its target, thought to have been a bulk handling systems manufacturer, since the start of the year and agreed a purchase price, only to see its ability to fund the deal whittled away by the slide in its shares.

Rumours of a possible rights issue from FKI, to fund a big international acquisition, have been circulating in the London stockmarket since the turn of the year when Kleinwort Benson Securities was appointed as the company's stockbroker, succeeding Panmure Gordon. FKI was demerged from FKI Bebecok in 1989. The company's financial adviser is N.M. Rothschild.

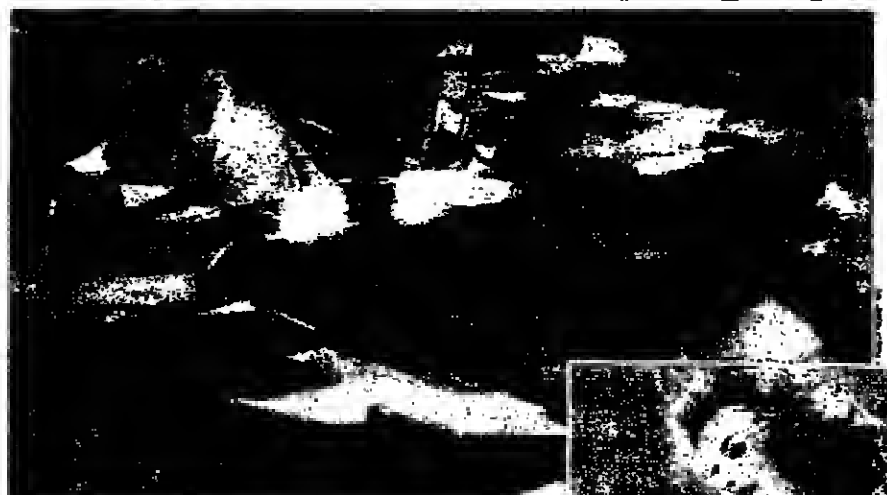
FKI sought to finance the deal via a rights issue but dropped its plan at the last minute because of worries that shareholders might balk at an issue in current volatile market conditions. The rights issue would have had to have been priced at a deep discount to FKI's share price which has fallen 15 per cent to 180p since hitting an all-time high of 212p on March 21. Over the same period the FT-SE Actuaries All-Share index has dropped 7.1 per cent and the FT-SE Actuaries Engineering sub-sector by 6.8 per cent.

The abandonment of the US deal is seen as a blow to FKI's strategy but the company is thought to be still seeking further acquisitions, albeit of a smaller size. FKI's last purchase was in the US in November last year when it acquired the Truth Hardware business from SPX Corporation for \$68m.

The company is scheduled to announce preliminary results on June 16. Analysts' estimates of pre-tax profits for the year to end-March range from £50m up to £55m. Kleinwort Benson, the company's broker, expects it to achieve profits of £52.5m. The dividend total is forecast to rise more than 20 per cent to a consensus figure of 3.7p.

Mr Jeff Whalley, FKI's chairman, was on holiday in France yesterday and unavailable for comment. Mr Bob Beeston, FKI's chief executive, was on holiday in Devon.

Business Booster



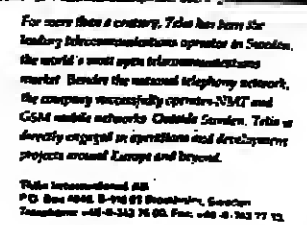
Telia turns technology into business advantage. Anywhere.

In Sweden, Telia operates the world's most successful mobile telephone service, both in terms of geographical coverage, reliability and user penetration. And multinational services were introduced way back in 1991! Today, we are putting this vast experience into good use in a range of major joint-ventures, from Russia to Italy. From eastern and central Europe to Ecuador. From NMT to GSM and AMPS.

We bring a lot more than technical expertise into these partnerships: hard and tried in the world's most open telecom markets, we have learned quite a few things about customer and business orientation, as well as efficient administration. So, what about regular telephony? In the UK, Telia was one of the first foreign-owned companies licensed to provide international traffic. An 1 in Estonia, as part-owners of the national public network, we are actively involved in a major modernisation programme.

Together with PTT Telecom Netherlands and Swiss Telecom PTT, Telia has created Unicom to provide seamless global services for data communications and message handling. Unicom is also a leading European operator of satellite services.

Wherever you are, and whatever you do, Telia is there to boost your business, any way you can.



Your Swedish Telecom Partner

COMPANIES AND FINANCE

JW Spear board split over £47m bid from Hasbro

By Andrew Bolger

The board of JW Spear, which owns the rights to the board game Scrabble outside North America, has been split by the unsolicited offer for the UK company made by Hasbro, the biggest US toys and games group.

At a board meeting on Saturday, all but one of the Spear directors rejected the £46.9m cash offer, which was launched late on Friday.

The exception was Mr Francis Spear, the group's chairman, who said he thought the terms - worth 900p per share - were fair and reasonable.

In its offer, Hasbro said it intended to encourage Mr Spear to continue to manage Spear's Enfield, London, manufacturing plant.

The rest of the Spear board, and the company's financial adviser, Barings, said Hasbro's offer was totally inadequate. The board instructed Barings to solicit higher offers.

Hasbro is in a strong position, since it already owns a 26.7 per cent stake in Spear and has received undertakings to accept its offer from some Spear family trusts which control a further 24.9 per cent.

The undertakings become irrevocable on Friday if a higher offer has not received.

Barings is approaching other international toy companies which might be interested in Spear, but the tight timetable makes it doubtful that another buyer would have time to intervene. It seems most likely that the rest of the board will try to obtain a higher offer from Hasbro, in exchange for their recommendation.

Spear is also probably of the greatest value to Hasbro, which since 1989 has owned Scrabble in Canada and the US, where the game was invented.

Hasbro said the acquisition would be a logical extension of its strategy to develop and expand core operations around the world.

It also seems unlikely that Spear could see off Hasbro by just selling the Scrabble business to the US group.

Scrabble accounts for 40 per cent of the UK group's sales and one source said "the rest of the games portfolio hangs on the back of it".

Hasbro's offer of 900p a share is a premium of more than 21 per cent to the last reported dealing price of 740p on May 12.

NA Life buys Sun Alliance offshoot

By Alison Smith

Sun Alliance, the life and general insurance group, has agreed to sell its Canadian subsidiary to North American Life Assurance Company for C\$22m (£10.6m).

The move follows the sale of its general insurance business in Canada, announced last October.

Sun Alliance sold that operation to Royal Insurance in Canada, at the same time as it bought Royal Insurance's non-life business in New Zealand, as the two British groups rationalised their overseas businesses.

Sun Alliance is no longer actively seeking any new business in Canada, though a small operation to look after the multi-national interests of existing clients remains.

Sun Alliance set up its life company in Canada in 1962. It did "quite well", but once it became clear that with the disposal of the non-life business there was no scope for sharing costs or customers, the group decided it would be sensible to be "open to offers".

North American, a mutual life company which is based in Toronto, is the largest direct marketer of life insurance in Canada.

The moment of truth for Crispian Hotson

Michael Smith begins a series of profiles on potential bidders for British Coal

Crispian Hotson was in a hurry when he arrived in the UK 10 years ago after a spell in the US. He thought the British coal industry was about to be privatised and saw it as a "wonderful opportunity". His timing was way out. He will find out soon whether he was right about the opportunities.

Mr Hotson's Ryan Group last week notified the government that it was interested in bidding for three of the five British Coal regions which are being sold off in the return of the industry to the private sector.

Mr Hotson is a life-long opponent of apartheid but says that was not his motivation for leaving the country.

"My father told me the best business opportunities were outside South Africa," he says.

After taking a degree in natural sciences at Cambridge, stints in the US copper and coal industries gave him the wherewithal and money to return to the UK in 1983 to take over at Ryan, a coal recovery company capitalised at £4m.

"My merchant bankers said I

was crazy to get involved in coal and in Wales. They told me to keep on taking the pills and take lots of sleep. "But I saw the chance of taking the rigid structures out of a nationalised industry and was convinced the UK government would privatise coal before electricity."

In spite of his miscalculation, Mr Hotson can look back on some significant successes. Helped by the acquisition of the Derek Crouch contracting company in the north-east of England in 1987, Ryan is a significant force in opencast coal.

In Dalquharry, Lanarkshire, and Stobrod, Northumberland, it has two of the largest and longest lasting opencast mining contracts in the country. The UK opencast operations produce more than 3.5m tonnes of the company's 5m tonnes a year of coal, most of the rest being mined in the US (1m tonnes) and Poland (150,000 tonnes).

Operating profits have been generally healthy and Mr Hot-

son estimates that Ryan, in which he and other managers have a 35 per cent stake, will make about £9m on turnover of £110m this year.

Mr Hotson is respected among his mining peers. "He is bright and sharp," says one British potential rival bidder for British Coal. "He knows the industry inside out." But Mr Hotson's 10-year period at Ryan has had some fraught moments, most of them emanating from an abortive attempt to merge with Carless, the UK oil independent in 1988, and a subsequent decision to mount a highly leveraged £70m management buy-out at Ryan.

With coal companies poorly rated at the time, the buy-out must have seemed a good idea for a company which had long term plans and thought the stock market concentrated too much on the short term.

But the high debts incurred in staging the MBO was the main reason why Ryan made losses of £4m two years ago. In spite of a financial restructuring, which involved Electra, the venture capital group, taking a 25 per cent stake in the company, debts remain high at £60m. The debts will also reduce pre-tax profits to about £4m this year from £9m at the operating level.

Rivals say the indebtedness puts Ryan at a disadvantage, especially as the company cannot tap the stock market for



Crispian Hotson: I've been waiting for this moment for 10 years

funds. Mr Hotson sees no disadvantage, saying that a private company has as much access to equity capital, and is confident of being able to bid for all three regions, the north-east of England, Scotland and south Wales, where he has pre-qualified.

Ryan's negotiating power should be strengthened by its decision to mount two of the potential bids with partners. Alcan, the Canadian aluminium company, in Scotland, and Miller, the construction group, in the north-east of England.

And if they are successful, Mr Hotson has no doubts about Ryan's ability to make a success of assets which British Coal has struggled to make profitable for years.

"When the UK coal industry was producing 100m tonnes a year it was never going to be competitive. But it can certainly make money at half that level," he says.

Ryan would consider employing different mining techniques from British Coal and would try to involve employees more, not least through share ownership schemes. None of this is particularly unusual. What marks Mr Hotson and Ryan out from the pack are their staying power. "He has hung on in there through thick and thin for a decade," says one coal executive. "No one could call him an opportunist. He deserves at least something from the British Coal spoils."

S&N plans to sell more pubs

Scottish & Newcastle is holding discussions to sell the remaining 270 Chief & Brewer pubs held by Morgan Grenfell, following Thursday's completion of the sale of 450 C&B pubs to Mr Michael Cannon.

S&N, the brewing and leisure group, acquired Chief & Brewer last November and was obliged to sell down 748 pubs in order to comply with the Government's 1989 Beer order.

These pubs were switched into holding companies controlled by Morgan Grenfell, and there are 270 pubs remaining.

These must be sold within two and a half years from now.

Bredero dissidents seek to block bid

By Simon Davies

A group of private shareholders accounting for more than 10 per cent of Bredero Estates are preparing to oppose Slough Estates' bid for the troubled property developer.

They claim that the offer, pitched at a 50 per cent discount to Bredero's share price prior to the announcement, is "unfair and opportunistic."

However, Slough already owns 50 per cent of Bredero and it stands to gain significant tax benefits if it can push beyond 75 per cent ownership. It is therefore likely to lower the minimum acceptance level, if necessary.

The dissident shareholders, so far a

group of five holdings, are complaining about the valuations of the properties, which they feel do not reflect their potential performance in an improving property market.

Bredero's only significant remaining assets are development sites in Hammer-smith and Glasgow. Its other assets, which at the peak of the market were valued at more than £100m, were sold to save off its bankers.

The company was negotiating the sale of its half interest in the Buchanan Centre, in Glasgow, to pension fund group AMP Asset Management, before the Slough offer came in, indicating that there is outside interest.

Bredero has built up substantial tax losses, which Mr Alex Henschel, one of the dissident shareholders, claims will offer substantial value to Slough, given more than £100m

of losses in the past three years.

In addition, he says the offer attaches no value to Bredero's property management expertise.

"We are not looking for a higher offer, but prefer to see Bredero continue in business, and hopefully rise from the ashes," he said.

However, Morgan Grenfell, the adviser to Bredero's independent board members, has fully supported the offer.

The bank points out that Bredero's standstill agreement with its bankers will last only until September, and the company would probably be forced to sell at least one, and possibly both, of its two significant assets.

The valuations for these sites were made independently in December 1993, and unless these are exceeded, the company would crystallise its current net asset value.

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Sandoz (Switzerland)	Garber Products (US)	Food	\$2.5bn	Bid expires food sector
TCI (US/Sumitomo Japan)	JVs	Cable TV	\$33m	Two cable ventures
HJ Heinz (US)	Fanley (UK)	Food	\$94m	Boots sells baby food arm
HJ Heinz (US)	Glaxo India (India)	Food	\$47m	Glaxo focus on pharmaceuticals
Samsung Electronics (South Korea)	Lux (Japan)	Audio equipment	\$13m	Taking 51% stake
Courts Consulting Group (UK)	GSA (France)	Business services	\$10.1m	Consolidating European position
Burnfield (UK)	Advanced Particle Measurements (UK)	Distribution	\$1.3m	Cash deal
Unitor (Norway)	Unit of SNC-Lavalin (Canada)	Fire protection	n/a	Ginge-Kerr sold
Alcan Aluminium (US)	Leichtmetallwerk Neuharstede	Aluminium	n/a	Buy from Treuhander
Great-West Life (Canada/Aus France)	JV	Insurance	n/a	China move planned

FINANCING LARGE BUY-OUTS

Arranger & Agency Services for Multinational Businesses

Acquisition of THORN Lighting Group Limited

Senior Debt Facilities

Co-Arranger, Underwriter and Facility Agent

BARCLAYS ACQUISITION FINANCE

Management Buy-In The Consumer Products Division of BP Nutrition

Acquisition Finance & Working Capital Facilities

Senior Debt Joint Underwriter

BARCLAYS ACQUISITION FINANCE

FINANCING GROWTH

Expansion Finance for TOM COLESLIGH plc

Term Loan Facilities

Co-Arranger

BARCLAYS ACQUISITION FINANCE

FINANCING QUALITY

Successful Exits via Flotation

Management Buy-Out FIELD GROUP

Acquisition Finance & Working Capital Facilities

Arranged & Underwritten by

BARCLAYS ACQUISITION FINANCE

Management Buy-Out ADL APPLIED DISTRIBUTION

Acquisition Finance & Working Capital Facilities

Lead Bank & Facility Agent

BARCLAYS ACQUISITION FINANCE

For further information contact

BARCLAYS ACQUISITION FINANCE

Murray House, 1 Royal Mint Court, London EC3N 4HH. Telephone: 071-696 2804

NOTICE REGARDING EXPORT TO INDONESIA

EXPORT TO INDONESIA

PT Surveyor Indonesia (PTSI), headquartered in Jakarta, was established in July 1991 to progressively take over Indonesia's Preshipment Inspection Programme from Societe Generale de Surveillance SA (SGS) in line with Transfer of Technology principles.

PTSI, a joint venture between the Indonesian Government and SGS, officially opened its United Kingdom office under the name Surveyor Indonesia (UK) on 1st April 1994. Surveyor Indonesia is committed to providing the same high quality of standards and procedure as has been provided by SGS.

Surveyor Indonesia (UK) is fully operational as of 1st June. While physical inspection will continue to be performed by SGS United Kingdom Ltd, all administrative activities relating to pre-shipment inspection of Indonesia's imports are being processed by Surveyor Indonesia.

Further announcements about the development of Surveyor Indonesia (UK) will be made in due course. In the meantime, if you have any questions, please contact the Indonesian Department at SGS United Kingdom Limited or Surveyor Indonesia (UK), 3rd Floor, Compass House, 207-215 London Road, Camberley, Surrey. GU15 3EY. Tel: 0276 21266 Fax: 0276 26051

COMMERZBANK OVERSEAS FINANCE N.V.

U.S. \$ 100,000,000 Floating Rate Notes of 1995/1995

In accordance with the provisions of the Notes the following notice is hereby given:

Interest Period: May 31, 1994 to November 30, 1994 (183 days)

Interest Rate: U.S. \$ 508.33 per U.S. \$ 10,000 Note

Coupon Amount: U.S. \$ 2,541.57 per U.S. \$ 50,000 Note

Payment Date: November 30, 1994

Frankfurt/Main, May 1994

COMMERZBANK

THE TOP OPPORTUNITIES SECTION

for senior management positions. For advertising information call:

Philip Wrigley

071-407 873 3351

DO YOU WANT TO KNOW A SECRET?

The I.O.S. Gann Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gann can increase your profits and contain your losses. How? That's the secret. Ring 081 474 0080 to book your FREE place.

One Chart Equals One Hundred Stories

PROFITABLE & COST-EFFECTIVE INVESTMENT ANALYSIS

(PDF charts). Currency and 100+ Commercial and Industrial Equities

for professional investors, traders and experienced chart readers

It's all yours - call David Kew or Susan Kew at 0181 439 4500

Tel: London 71 - 734 2124 (ext 1) or 71 - 439 4500

LOW COST SHARE DEALING SERVICE 081-944 0111

COMMISSIONS FROM £10 MINIMUM TO £99 MAXIMUM ON ANY TRADE

081-944 0111

INDEXIA II Plus

The Ultimate Technical Analysis System

Includes: INDEXIA Filters, Gann & Fibonaci Analysis, Japanese Candlesticks, Wave Charts, Beta Analysis

INDEXIA Research, 121 High St, Bournemouth, BH4 2DJ

Tel: (0433) 878015 Fax: (0433) 878634

CITY INDEX

The Market Leaders in Special Boring - Financial and Special Price

brochure and an account application form call 01 281 1007

Accounts are normally opened within 48 hours

See our up-to-date prices in the City Index page 005

REUTERS 1000

24 hours a day - only \$100 a month!

LIVE FINANCIAL DATA DIRECT TO YOUR PC

For more information **hyperCOM** Fax +45 4587 8773

FM. LFr. Pta. Sch. BE. DM. Fr. Y. Nkr. D. Skr. Won. Es. (Fr. Th. 2nd Jun.)

On Thursday, June 2 the Financial Times will publish an in-depth survey of Foreign Exchange. It will look at the principal causes of fluctuations between Dollar, Yen, D-Mark and Sterling.

It will also discuss the explosion of investor interest in emerging markets, which has prompted a growing awareness of 'exotic' currencies such as the Turkish Lira and the Malaysian Ringgit.

Other areas covered include the difficulties of integrating former communist countries into the international employment and monetary system. And it will examine the need for greater stability and new 'rules of the game' in the currency system.

FT Foreign Exchange Survey.

FT. Because business is never black and white.

UK COMPANIES

TOMORROW
COMPANY MEETINGS:
New City Commercial Ins. Ltd., 11
Devonshire Square, E.C.4, 12.00
200 Ltd. Insurance, The Travel
Newark, Nottinghamshire, 11.00
Stager & Pridemore, 21 New
Street, Birmingham, E.C.2, 12.00
Ward of Leathers, North Circular Road,
N.W., 12.00
BOARD MEETINGS:
De La Rue
Plym
Rockwood Mills
United Breweries
Interim
Beecher Homes
J & G PEP Ltd. Ltd.
Stratagem

WEDNESDAY JUNE 1
COMPANY MEETINGS:
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

THURSDAY JUNE 2
COMPANY MEETINGS:
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Glynn Ltd., Headland House, 54 New
Coventry Road, Sheldon, Birmingham,
12.00
Governing, The Clubhouse, Sandford
Spring, Gort Club, Wolverton, Hampshire,
10.00
Kewfoot Foods, The Howard Hotel,
Temple Place, W.C.2, 10.00
Scottish Television, Connaught,
Glasgow, 12.00
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

FRIDAY JUNE 3
COMPANY MEETINGS:
Anglo Eastern Plantations, 1 St. Pauls
Churchyard, E.C.2, 10.30
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TOMORROW
COMPANY MEETINGS:
Northbrook
Cardinal
Channel Hodge
Kamberg
London & Overseas Freighters
Northern Ireland Electricity
Rennet Oil Services
Skidmore
Stewart
Aberdeen Ltd.
Grenada
Loomis
Roper (CA)
Sturge
Urbano

WEDNESDAY JUNE 1
COMPANY MEETINGS:
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

THURSDAY JUNE 2
COMPANY MEETINGS:
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Glynn Ltd., Headland House, 54 New
Coventry Road, Sheldon, Birmingham,
12.00
Governing, The Clubhouse, Sandford
Spring, Gort Club, Wolverton, Hampshire,
10.00
Kewfoot Foods, The Howard Hotel,
Temple Place, W.C.2, 10.00
Scottish Television, Connaught,
Glasgow, 12.00
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

FRIDAY JUNE 3
COMPANY MEETINGS:
Anglo Eastern Plantations, 1 St. Pauls
Churchyard, E.C.2, 10.30
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TOMORROW
COMPANY MEETINGS:
Northbrook
Cardinal
Channel Hodge
Kamberg
London & Overseas Freighters
Northern Ireland Electricity
Rennet Oil Services
Skidmore
Stewart
Aberdeen Ltd.
Grenada
Loomis
Roper (CA)
Sturge
Urbano

WEDNESDAY JUNE 1
COMPANY MEETINGS:
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

THURSDAY JUNE 2
COMPANY MEETINGS:
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Glynn Ltd., Headland House, 54 New
Coventry Road, Sheldon, Birmingham,
12.00
Governing, The Clubhouse, Sandford
Spring, Gort Club, Wolverton, Hampshire,
10.00
Kewfoot Foods, The Howard Hotel,
Temple Place, W.C.2, 10.00
Scottish Television, Connaught,
Glasgow, 12.00
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

FRIDAY JUNE 3
COMPANY MEETINGS:
Anglo Eastern Plantations, 1 St. Pauls
Churchyard, E.C.2, 10.30
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TOMORROW
COMPANY MEETINGS:
Northbrook
Cardinal
Channel Hodge
Kamberg
London & Overseas Freighters
Northern Ireland Electricity
Rennet Oil Services
Skidmore
Stewart
Aberdeen Ltd.
Grenada
Loomis
Roper (CA)
Sturge
Urbano

WEDNESDAY JUNE 1
COMPANY MEETINGS:
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

THURSDAY JUNE 2
COMPANY MEETINGS:
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Glynn Ltd., Headland House, 54 New
Coventry Road, Sheldon, Birmingham,
12.00
Governing, The Clubhouse, Sandford
Spring, Gort Club, Wolverton, Hampshire,
10.00
Kewfoot Foods, The Howard Hotel,
Temple Place, W.C.2, 10.00
Scottish Television, Connaught,
Glasgow, 12.00
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

FRIDAY JUNE 3
COMPANY MEETINGS:
Anglo Eastern Plantations, 1 St. Pauls
Churchyard, E.C.2, 10.30
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

DIVIDEND & INTEREST PAYMENTS

TODAY
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TOMORROW
COMPANY MEETINGS:
Northbrook
Cardinal
Channel Hodge
Kamberg
London & Overseas Freighters
Northern Ireland Electricity
Rennet Oil Services
Skidmore
Stewart
Aberdeen Ltd.
Grenada
Loomis
Roper (CA)
Sturge
Urbano

WEDNESDAY JUNE 1
COMPANY MEETINGS:
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

THURSDAY JUNE 2
COMPANY MEETINGS:
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Glynn Ltd., Headland House, 54 New
Coventry Road, Sheldon, Birmingham,
12.00
Governing, The Clubhouse, Sandford
Spring, Gort Club, Wolverton, Hampshire,
10.00
Kewfoot Foods, The Howard Hotel,
Temple Place, W.C.2, 10.00
Scottish Television, Connaught,
Glasgow, 12.00
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

FRIDAY JUNE 3
COMPANY MEETINGS:
Anglo Eastern Plantations, 1 St. Pauls
Churchyard, E.C.2, 10.30
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TODAY
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TOMORROW
COMPANY MEETINGS:
Northbrook
Cardinal
Channel Hodge
Kamberg
London & Overseas Freighters
Northern Ireland Electricity
Rennet Oil Services
Skidmore
Stewart
Aberdeen Ltd.
Grenada
Loomis
Roper (CA)
Sturge
Urbano

WEDNESDAY JUNE 1
COMPANY MEETINGS:
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

THURSDAY JUNE 2
COMPANY MEETINGS:
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Glynn Ltd., Headland House, 54 New
Coventry Road, Sheldon, Birmingham,
12.00
Governing, The Clubhouse, Sandford
Spring, Gort Club, Wolverton, Hampshire,
10.00
Kewfoot Foods, The Howard Hotel,
Temple Place, W.C.2, 10.00
Scottish Television, Connaught,
Glasgow, 12.00
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

FRIDAY JUNE 3
COMPANY MEETINGS:
Anglo Eastern Plantations, 1 St. Pauls
Churchyard, E.C.2, 10.30
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TODAY
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TOMORROW
COMPANY MEETINGS:
Northbrook
Cardinal
Channel Hodge
Kamberg
London & Overseas Freighters
Northern Ireland Electricity
Rennet Oil Services
Skidmore
Stewart
Aberdeen Ltd.
Grenada
Loomis
Roper (CA)
Sturge
Urbano

WEDNESDAY JUNE 1
COMPANY MEETINGS:
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

THURSDAY JUNE 2
COMPANY MEETINGS:
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Glynn Ltd., Headland House, 54 New
Coventry Road, Sheldon, Birmingham,
12.00
Governing, The Clubhouse, Sandford
Spring, Gort Club, Wolverton, Hampshire,
10.00
Kewfoot Foods, The Howard Hotel,
Temple Place, W.C.2, 10.00
Scottish Television, Connaught,
Glasgow, 12.00
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

FRIDAY JUNE 3
COMPANY MEETINGS:
Anglo Eastern Plantations, 1 St. Pauls
Churchyard, E.C.2, 10.30
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TODAY
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

TOMORROW
COMPANY MEETINGS:
Northbrook
Cardinal
Channel Hodge
Kamberg
London & Overseas Freighters
Northern Ireland Electricity
Rennet Oil Services
Skidmore
Stewart
Aberdeen Ltd.
Grenada
Loomis
Roper (CA)
Sturge
Urbano

WEDNESDAY JUNE 1
COMPANY MEETINGS:
Astra Property Mgmt., Birmingham
Hill, Southbury Place, Barlham, E.C.,
12.00
Kingsley, The Dorchester Hotel, Park
Lane, W., 11.00
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

THURSDAY JUNE 2
COMPANY MEETINGS:
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Glynn Ltd., Headland House, 54 New
Coventry Road, Sheldon, Birmingham,
12.00
Governing, The Clubhouse, Sandford
Spring, Gort Club, Wolverton, Hampshire,
10.00
Kewfoot Foods, The Howard Hotel,
Temple Place, W.C.2, 10.00
Scottish Television, Connaught,
Glasgow, 12.00
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

FRIDAY JUNE 3
COMPANY MEETINGS:
Anglo Eastern Plantations, 1 St. Pauls
Churchyard, E.C.2, 10.30
Bathurst Ltd., 71-73 Victoria Street,
Wolverhampton, W.2, 3.30
Dunlop, The Royal National Hotel,
Bedford Way, W.C.1, 11.00
Walker Greenfield, The Howard Hotel,
Cavendish Place, W.C.2, 3.30
BOARD MEETINGS:
Frasco
Hawley American Corp.
Austley Gps.

CONFERENCES & EXHIBITIONS

JUNE 2
DEVELOPING NEW PRODUCTS FOR GLOBAL MARKETS: THE OPPORTUNITIES
A national one-day conference organised by the Design Museum in conjunction with the DTI, which will tackle the fundamental issues of new product development and its impact on profitability and competitiveness. Conference Secretariat, Northern Conference Bureau
Tel: 0625 502600 Fax: 0625 502900
BIRMINGHAM

JUNE 7
PROPERTY 2000
Leading bankers, developers, investment managers and advisers assess the recovery in British commercial property and make comparisons with the outlook elsewhere. Sponsored by Clifford Chance and Ernst & Young
Information from: Cityforum Ltd
Tel: 0225 466744 Fax: 0225 442903
LONDON

JUNE 7/8
PRACTICAL DEALING COURSE - MONEY MARKET
Training in traditional and modern market dealing and short term derivatives (Futures and FRAs) - risk identification and evaluation, product pricing, position management - with opportunities to test theories learnt in dealing simulation and other practical exercises. For Corporate Treasury personnel, bank dealers, marketing and support staff. £480 + VAT.
Lyndon David International Ltd
Tel: 0959 565820 Fax: 0959 565821
LONDON

JUNE 8
BRAZIL: GENERAL ELECTIONS
Political and Economic Prospects
The Brazilian Election is organising a seminar on 'Brazil: General Elections: Political and Economic Prospects'. The seminar will take place at the Waldorf Hotel on the 8th June 1994. For further information, please contact the Press Office, Brazilian Embassy.
Tel: 071 497 0877 Fax: 071 497 0878
LONDON

JUNE 8
INVESTOR RELATIONS: Tools & Tips of The Trade
One-day seminar, sponsored by Investor Relations Society, on all that's new and cutting edge in investor relations. Venue: Le Meridien, Piccadilly, Speakers: Rolo-Royce, BET, Kleworty Beeson, SG Warburg, Pacific, Lagardere Communications.
Contact: Blue Associates Seminars
Tel: 071 497 2255 Fax: 071 497 2255
LONDON

JUNE 8-10
BUSINESS PROCESS RE-ENGINEERING SEMINARS & WORKSHOPS
Continuing a successful series of seminars for executives and senior managers charged with designing and implementing BPR initiatives. Established blue chip client list. Presented by a leading US practitioner, our guide is illustrated with case studies and workshops. Course book available. Repeated September 19-20. Contact: Richard Parry, Veritas Systems International Ltd
Tel: +44-455-250266 (24 hours) Fax: +44-455-890821
LONDON

JUNE 12-17
ALPHATANIA - THE PRACTICAL ESSENTIALS OF NATURAL GAS
Five-day seminar designed for those who are new to the gas business, and specialists who are unfamiliar with certain commercial/technical aspects and need to broaden their knowledge. Programme covers whole spectrum of gas business from exploration through to end-users.
Contact: Anita Gardner, The Alphatania Group, London
Tel: +44(0)71 633 0297 Fax: +44(0)71 633 0294
CRICKLADE, ENGLAND

JUNE 13 & 14
BUSINESS PROCESS TRANSFORMATION MAKING STRATEGY HAPPEN
This conference will place great emphasis on proven tools and techniques and the practicalities of transforming your business processes. There is no one prescriptive set of rules. But there is a common experience to be tapped. Hear how leading edge practitioners have made their strategy happen.
Contact: Sarah Pearce
Tel: +44(0)71 637 4383 Fax: +44(0)71 631 3214
LONDON

JUNE 14
MANAGEMENT BUY-OUTS
Management buy-outs are established and well recognised transactions. The keynote address, the main theme of the conference, in association with Graham Trust, will provide an in-depth examination of MBOs. The emphasis will be on practical advice with case studies from directors who have led successful management buy-outs.
Director Conference 071 730 0022
LONDON

JUNE 16
ECONOMIC APPRAISAL
Based on policy reviews and case studies this Conference will offer the opportunity to compare practice in the public and private sectors of the aerospace industry. Contact: Royal Aeronautical Society
Tel: 071 499 3515 Fax: 071 499 6230
LONDON

JUNE 16
PROSPECTS FOR LOCAL MARKETS AFTER THE RECESSION
Aims to highlight strategic influences affecting local markets and economies, helping to develop new ideas and more effective local marketing strategies for the future.
Contact: Jacqui Gots
Tel: 071 353 9961
LONDON

JUNE 16
THE GOVERNMENT'S DEREGULATION PROGRAMME - Second Phase: The Practical Implications for UK Companies
Speakers include Michael Heseltine MP, Stephen Dorell MP, Michael Forsyth MP, Charles Wardle MP, Steven Norris MP, Ian Spratt MP, Francis Maude, Head of Deregulation Task Force, Task Force members and Peter Morgan, Head of IoD. Contact: City & Financial Conference
Tel: 020 856966 Fax: 020 856566
LONDON

JUNE 17
BUSINESS PROCESS RE-ENGINEERING
BPRe can help you make dramatic improvements in operating performance: reduced lead times, improved quality and reduced costs. Find out how at this CIMA Mastercourse.
Contact: Eranas Morris, CIMA Mastercourses
Tel: 071 917 9244 Fax: 071 580 6991
GLASGOW

JUNE 17
THE LONDON SCHOOL OF ECONOMICS
is offering a one day course entitled *Some Lessons From Japan* designed to familiarise British manufacturers with methods of subcontracting used in Japan. The Course is based on a recently completed research programme carried out in Japan by Dr Gietzmann of the LSE. Contact: LSE Short Courses Office on 071 955 7227
LONDON

JUNE 21/22
APPLYING GLOBAL BEST PRACTICE TO IMPROVE PERFORMANCE
Benchmarking forces companies out of the complacency of self-defined progress and improvement targets. Monitoring your performance, processes and people against World's Best Practice not only shows us how to improve but will drive continuous improvement.
Contact: Sarah Pearce
Tel: +44(0)71 637 4383 Fax: +44(0)71 631 3214
LONDON

JUNE 22
THE GLOBAL MARKETING ENVIRONMENT
The Henley Centre's one day conference considers the key drivers of change for international markets and marketing. Particular interest to those developing strategy for international organisations and brands.
Cost: £350 + VAT
Contact: Anne Hansen Tel: 071 353 9961
LONDON

JUNE 22 & 23
IMPLEMENTING PRACTICAL PERFORMANCE MEASURES ACROSS YOUR BUSINESS PROCESSES
This conference is designed to take the delegates through a structured learning programme consisting of 13 practical case studies illustrating how to implement and operate performance measures in Customer Service, Quality and Human Resources.
Contact: Sarah Pearce
Tel: +44(0)71 637 4383 Fax: +44(0)71 631 3214
LONDON

JUNE 23
TOTAL INNOVATION MANAGEMENT: DEAS INTO ACTION FOR IMPROVED PERFORMANCE & PROFITABILITY
Innovation matters. Directors know this. The question is how to engineer your organisation for the appropriate levels of innovation. This conference, chaired by Robert Heller is organised by The Strategic Planning Society.
Contact: Jo Malone, The Strategic Planning Society Tel: 071 636 7737
LONDON

JUNE 24
CHINA: OPEN FOR TRADE AND INVESTMENT
Business Intelligence for firms assessing opportunity in China. Speakers from DTI, Glaxo, Manchester Business School, Lancaster University Management School etc. Session on cross-cultural business etiquette. Panel discussion with experts from Chinese Embassy, Foreign Office, China-Britain Trade Group.
Contact: Sun Edeas 0254 549015 Fax: 0254 351454
LANCASTER

JUNE 28/29
INTRODUCTION TO RISK MANAGEMENT
Treating course covering treasury derivative markets, Currency Options, SAFEs, FRAs, Futures, Interest rate swaps and related products. For Corporate Treasurers, bank dealers and marketing executives, financial controllers, systems and support personnel. £480 + VAT.
Contact: David International Ltd
Tel: 0959 565820 Fax: 0959 565821
LONDON

JUNE 29
BENCHMARKING AND STRUCTURED MANAGEMENT
Understand how to achieve a coherent framework for managing improvement in the operations and how to internally benchmark key processes (Ref WCM9). Contact: Vicki Walham, World Class International Ltd
Tel: 0705 268133 Fax: 0705 268160
HAMPSHIRE

JUNE 29-30
EUROPEAN CAR INDUSTRY: Fighting for Survival - Is Leasing the Answer?
Key officials from ADT, Avis, ALD Leasing, BVL Leasing, Fiat Italia, Debs, Eurotax, Finance and Leasing Association, General Motors, Interlease, Nederland, Lease Plus, PSA, Toyota, Volkswagen debate the above issue. Further details Contact Paul Bay, Eurotax
Tel: 071 779 8763
LONDON

JUNE 31
PRIVATE SECTOR INVOLVEMENT IN PUBLIC SECTOR SERVICES - THE WAY AHEAD
This event examines the future of competition for quality in the public sector in the UK and overseas spotlight the background of results to date. Organized by Quadrillect. Price £295 + VAT. For brochure telephone: 071 342 4141
LONDON

JULY 4
US GOVERNMENT PROCUREMENT CONFERENCE
Policies, Procedures, Legal Issues and Diversification Opportunities. A high level seminar with US speakers from the Washington-based British American Business Council; the American Bar Association, the first secretary (commercial) of the British Embassy and speakers from Coopers & Lybrand and the University of the West of England. Co-located: Richard Denery, RDA Communications Strategy
Tel: +44 275 856700 Fax: +44 275 856569
BRISTOL

JULY 4, 4-6 AND 7 & 8
MANAGING HUMAN RESOURCES IN R&D
3 International events for Directors and Managers of technology and human resources. Organized by the Journal 'R&D Management' and by Manchester Business School 'Advanced Practices for Managing Technical Professionals' - seminar - £600. Workshops - £35. Research Conference - £400. Contact: Sun Edeas 0254 549015 Fax: 0254 351454
MANCHESTER

JULY 4 - 8
THE JET/KAZEN WORKSHOP
As featured on FT Management Page on 4th January: Five day intensive hands-on training for senior managers in world-leading productivity improvement techniques. In a real factory. Free video and copy of FT article also available. Contact: Sun Edeas 0254 549015 Fax: 0254 351454
SOUTH WALES

JULY 5/6
INTRODUCTION FOREIGN EXCHANGE AND MONEY
Rigorous participative training course covering traditional FX and money markets featuring WINDRA's e-monic PC based dealing simulation. For Corporate treasurers, bank dealers, marketing executives, financial controllers, systems and support personnel. £480 + VAT.
Lyndon David International Ltd
Tel: 0959 565820 Fax: 0959 565821
LONDON

JULY 5 & 6
NCCPA 'EMPOWERING THE ORGANISATION' - The Business of IT
This conference will focus on practical advice on how new and evolving IT solutions are being used to develop effective, low-cost, business strategies. NCCPA is specifically tailored for senior IT professionals and senior corporate executives requiring updates on changes involving IT. Contact: Carol Widge Net Computing Group
Tel: 061-228-6333 or Fax: 061-234-8049
LONDON

JULY 6
SECOND CITY OF LONDON DERIVATIVES CONFERENCE
Bankers, regulators and users discuss supervision, capital adequacy, new product development and problems in the markets. Sponsored by CSEF, Total Bank Europe, American Arbitration, Frankfurt, Lombard Risk Systems and Rofis & Nolen. Details from: Cityforum Ltd
Tel: 0225 466744 Fax: 0225 442903
LONDON

JULY 7
PRACTICAL ANALYSIS OF THE NEW INSIDER DEALING AND TIPPING OFF LEGISLATION
Seminar at The Law Society covering new provisions to Criminal Justice Act 1993, Stock Exchange Guidance, Corporate Finance & R.C. Directive 1989. High level speakers from the Bar, New Scotland Yard, Media & City Law Firm, Aljo Jones QC Chairman & Gilbert Gray QC In-house address. INTERFORUM Tel: +44 (0) 71 386 9322 Fax: +44 (0) 71 381 8914
LONDON

JUNE 7-9
ROSPA SAFETY & HEALTH EXHIBITION & CONGRESS
Europe's largest annual Safety & Health Exhibition, now in its 12th successful year. Will provide vital information on health and safety legislation as well as products and services which will enable companies to operate in a safe and healthy environment. Exhibition Organiser: Hazel Kirby - Exhibition Manager, Baze Exhibitions
Tel: 021 767 2665
BIRMINGHAM

JUNE 21-23
OBJECT WORLD UK OLYMPIA 2, LONDON
Sponsored by The Object Management Group, IBM and Andersen Consulting, this event focuses on the cost and business benefits of Object Technology, achievable through faster software development, extensive re-use and more effective maintenance. A FREE exhibition and seats at FREE Vendor Seminars are on offer.
Tel: (081) 541 4665 Fax: (081) 974 5188
LONDON

JUNE 1-3
CHINA ELECTRIC POWER INDUSTRY FORUM
At this conference 20 Chinese power industry representatives will give their view on the fast developments on power generation in China. Over 100 Chinese utility representatives will be present. On day 3 semi-private meetings will be held with Chinese officials. Contact: PennWell C&E
Tel: 31-30-630863 Fax: 31-30-630915
SHEENZHEN, CHINA

JUNE 16-17
LEASING THE POTENTIAL OF THE CENTRAL & EASTERN EUROPEAN LEASING INDUSTRY
Hilton Hotel, Vienna. The conference provides a complete guide to the leasing industry in central and eastern Europe. For further details please contact Paula Bay, Eurotax Publications Plc
Tel: 071 779 8763
LONDON

JUNE 26-27
A POWERFUL GLOBAL ALLIANCE - Informal Teleshopping '94
NIMA International's international conference featuring top direct response television executives from North America and Europe. In-depth discussion on regulatory issues and current DRTV trends, followed by six workshop sessions. Contact: Vivian Wallace
Tel: 071-630 9977 Fax: 071-630 9906
AMSTERDAM

JUNE 28 & 29
EUROSECURITY '94
IT Security, Industrial Espionage and Fraud Prevention Conference. The international meeting place for company executives concerned with IT security. All aspects of IT protection will be covered by world-renowned experts in this field. Societe Generale de Developpement S.A. Telephone: (432) 512 46 30
BRUSSELS

PUBLIC NOTICES

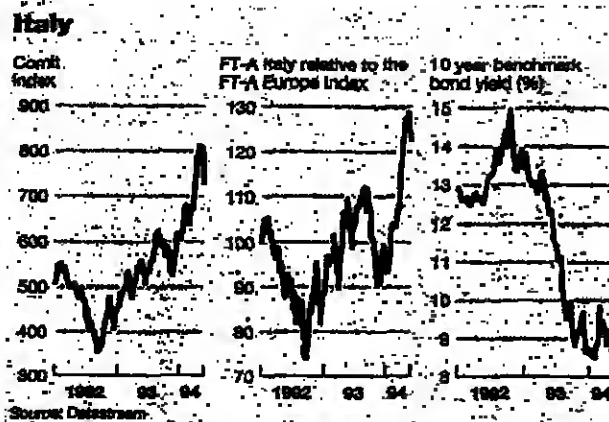
FINANCIAL TIMES

MARKETS

THIS WEEK

Global Investor / Martin Dickson in New York

The fat lady has not sung



around 720 on Friday, could fall through 700 before finding solid ground, but could then present a good buying opportunity.

Global telecoms

A week today the Dutch Government will announce the precise share price for the flotation of KPN, the state-owned postal and telecommunications

group. With the prospective price/earnings ratio expected to be around 12, and the yield about 4.5 per cent, the conservatively priced issue should fare reasonably, provided the European market recovers its nerve.

But with a flood of other telecoms offerings in the pipeline, in both Europe and Asia, the Dutch flotation raises the question of how investors can

Total return in local currency to 28/5/94

	US	Japan	% change over period	France	Italy	UK
Cash	0.08	-0.04	0.10	0.11	0.14	0.09
Week	0.33	0.19	0.45	0.50	0.57	0.48
Month	3.89	3.41	8.99	5.99	10.19	6.99
Bonds 3-5 year	-0.45	0.37	-1.10	-1.05	-0.81	-1.02
Week	-0.25	1.58	0.14	0.29	0.10	-0.15
Month	0.87	8.59	8.94	7.29	17.29	5.10
Bonds 7-10 year	-0.87	0.61	-2.87	-2.33	-2.20	-2.40
Week	-0.87	0.61	-2.87	-2.33	-2.20	-2.40
Month	0.04	11.29	5.41	7.09	21.54	4.91
Equities	1.5	3.5	-5.1	-5.1	-5.7	-5.4
Week	1.5	3.5	-5.1	-5.1	-5.7	-5.4
Month	3.4	2.9	29.5	17.9	38.6	11.0

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

The FT-100 index is the average of the FT-100 index and the FT-100 index.

Source: Cash & Bonds - Lehman Brothers. Equities - Investment Research.

active to population, political and currency risk, and the quality of management.

Two other, relatively new factors need increasingly to be entered into the valuation equation: the degree of local competition faced by the wireline operator (high in the case of BT and AT&T, low for KPN) and the extent to which the company is involved in interactive multi-media. Both are likely to clip valuations - in the case of multi-media because of high initial capital outlays and uncertain consumer demand.

None of these factors are sufficient on their own to explain the wide spread of current valuations. For example, a recent study by Baring Securities found a very weak correlation between p/e valuations around the world and telephony.

But in an attempt to create a more rational investment framework, Baring has come up with a complex formula, factoring in potential expansion in GDP per capita and telephony, which ranks the world's telecoms companies by growth opportunities over the next six years.

Not surprisingly, its top five (both mobile and wireline) are all in Asia: Dai Nippon, the Japanese mobile company; Japan's NTT; Hong Kong Telecom (on the assumption its territory will also embrace the

mainland China hinterland); Singapore Telecom and Korea Mobile.

However, many fund managers may be tempted to take the easy analytical course and use telecoms stocks as a rough and ready proxy for a particular national stock market.

Cable companies

The US cable television industry has been down in the dumps this past week. Its annual conference in New Orleans was dominated by complaints about the Federal Communications Commission, which insisted in February that the industry cut the price of its basic service by 17 per cent - a ruling blamed for scuppering at least two much-vaunted takeover deals between cable companies and telephone operators.

But for shareholders there is a silver lining: the sharp fall in US cable stock over the past three months means they are very cheap. Ms Jessica Relf of Oppenheimer reckons that the largest US operator, Telecommunications Inc, is trading at around 5 times 1994 operating cash flow, adjusted for debt and off-balance sheet assets.

At prices like this, the telephone companies may come calling again - though probably on smaller players, rather than giants like TCI.

COMMODITY MARKET REPORT

Richard Mooney

Coffee takes a well-earned break

There is an enforced break today from the heat and hysteria that has held sway in commodity markets during the past few weeks. Public holidays in the UK and the US will give traders a chance for a breather, and the investment funds whose money has been mainly responsible for the surge in commodity prices will be given an opportunity to consider where they go from here.

Traders and analysts are split about the immediate prospects for the star performer, coffee, whose July futures price jumped on the London Commodities Exchange from \$1,100 a tonne in February to a seven-year peak of \$2,345 last week, before falling back to close at \$2,004 on Friday. While most agree that coffee's rise is underpinned by a tightness in supplies, New York traders seem more confident than those in London that the price can find renewed strength this week.

One event likely to take some heat out of the metals market is the Metal Bulletin copper conference, starting on

Wednesday in Vancouver, which usually attracts many of the world's top traders.

Copper has been leading other metals up or down on the London Metal Exchange but attention this week will also focus on nickel because the present labour contracts at Sudbury, Ontario, and tomorrow, Inco is the world's second-biggest nickel producer (after Norilsk in Russia) and Sudbury produces about 110,000 tonnes of the metal, mainly used in stainless and special

steels production. Inco's management delivered its proposals on Friday and unions and employees have been discussing them over the weekend. Some weeks ago a ballot gave union leaders a mandate to call a strike.

The market last week seemed to sense that there would be no industrial action as the three-month LME nickel price, which started with a rise of \$26.50 a tonne on Monday, fell steadily to close on Friday \$45 down compared with the previous week at \$6,427.50.



Election euphoria is waning in Italy and the Milan equities market, which has far outperformed other leading European bourses this year, has been falling steadily over the past two weeks.

Those clever enough to have taken profits at the top will have locked in capital gains of almost 30 per cent since January 1 in local currency terms and roughly 40 per cent in dollar terms. Even with the recent slide, the market stands some 30 per cent higher in Lira terms than at the turn of the year. So should investors sit tight in the hope of a rally, or lighten their Italian exposure in expectation of a further decline?

Trans-European jitteriness apart, the main reason for the slide appears to have been profit-taking by foreign investors, and a growing realisation among domestic shareholders that the right-wing Berlusconi coalition has a fragile majority and could face difficulties in producing a united policy front.

More technical factors also seem to have played a role. On a price/earnings basis the market looks highly valued, and it faces a series of heavy cash

calls, both from rights issues and the government's privatisation programme, with the sale of Ina, the state-owned insurer, set for June 27.

Investors may have been selling shares to raise their cash levels in preparation for Ina, and for tax payments which fall due around this time of year, suggests Mr John Stewart at InterEurope in Milan. The bull case for the Italian market remains essentially intact. For all the Berlusconi administration's potential weaknesses, there is no serious political alternative.

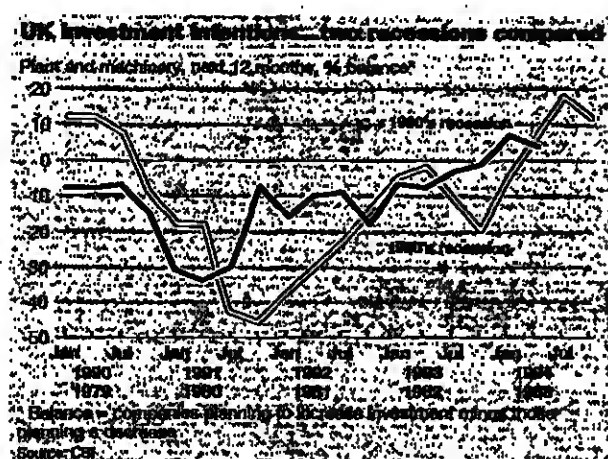
Its free-market platform, promising fiscal austerity, accelerated privatisation, a looser labour market and tax breaks for business, should give additional impetus to what is shaping up as a strong cyclical upswing in corporate profitability from 1995.

Equity prices should also be underpinned by falling fixed income yields, provided the government fulfils its pledge to take firm action on the gargantuan budget deficit and inflation falls, as expected, below 4 per cent.

That said, the current correction may have some way to run. The market is likely to remain edgy, and the Lira under pressure, until Berlusconi gives greater insight into his fiscal policies. The Comit index, which tested support

Economic Notebook

Investment hopes rise



the economy picked up again, so that in 1989 business investment hit a record \$71.25bn in 1990 prices and was 72 per cent higher in real terms than in 1983.

Capital expenditure by manufacturing industry - the type of investment surveyed by the CBI - only accounts for about a fifth of total business investment. It takes an even smaller share of overall UK gross fixed capital formation. This broadest measure of domestic investment, which includes some non-business investment such as housing, was up by 2.2 per cent in the first quarter of 1994 compared with final quarter of 1993 and was 3.4 per cent higher than in the first quarter of last year.

The idea that the UK could be heading for a period of robust investment has supporters in the City. Mr Leo Doyle, UK economist at Kleinwort Benson Securities, believes that investment in Britain is set to follow the US pattern of the past 12 months of strong growth

after a hesitant start.

An extended period of low interest rates has enabled companies to repair balance sheets damaged by the recession and build up liquidity, providing a good springboard for increased investment. With UK final demand moving into its third year of recovery, Mr Doyle thinks "everything is in place for a year of double digit business investment growth."

Mr Kevin Gardner, Morgan Stanley's UK economist, believes that capital spending will gather pace this year and next and give the recovery an extra boost. Corporate profits, he says, held up well in the recession and will continue to grow so that rates of return are likely "to return to levels not seen since the 1980s."

Although Mr Eddie George, the Governor of the Bank of England, last week told the Commons Treasury and Civil Service Committee that he was still concerned that UK companies were holding back from investments because

they were demanding too high a rate of return, Mr Gardner thinks strong profits will mean that high hurdle rates may be less demanding than many observers fear.

However, Britain would not be Britain, if there were not some fly in the ointment. James Capel's UK economics team subscribes to the view that investment and manufacturing output will be increasingly important motors for the UK recovery over the next two years and believes that higher investment will eventually strengthen Britain's exports.

But, argues Capel's Mr Adrian Cooper: "Long term gain may imply some short term pain." Because Britain's investment goods industry is relatively weak, UK investment is very import intensive. Imports account for nearly 34 per cent of UK spending on fixed investment, compared with only 21.5 per cent of consumer spending. Strong growth in domestic investment could therefore lead to a short-term increase in Britain's current account balance of payments deficit.

Indeed, it may be optimistic to think that a revival of investment will ease the UK's current account problems in the longer term. In the jargon of economists, the UK can look forward to a deepening rather than a widening of its industrial base.

The recession of the early 1990s left Britain an insignificant competitor in several manufacturing sectors. While the UK has some world beating companies and areas of excellence - such as pharmaceuticals, processed food and jet engines - it relies mainly on foreign suppliers for many products, including machine tools, "white goods", such as refrigerators, kitchen furniture, and mass' suits.

Even if business investment takes off over the rest of the 1990s, it is unlikely to provide the industries that Britain no longer has, leaving it to depend heavily on imported manufactured goods.

Peter Norman

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd, Goldman, Sachs & Co. and NatWest Securities Ltd. In conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL AND NATIONAL MARKETS		FRIDAY MAY 27 1994										THURSDAY MAY 26 1994										DOLLAR INDEX	
		US Dollar	%ch since 5/12/93	Yen Sterling	Yen Index	DM Index	Currency index	Local index	Gross Div. Yield	US Dollar	%ch since 5/12/93	Yen Sterling	Yen Index	DM Index	Currency index	Local index	52 week low	52 week high	Apr 94 approx				
Australia (97)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
Australia (17)	175.15	-4.8	173.10	116.25	100.57	100.77	-0.3	1.06	173.74	117.51	115.82	100.28	100.15	100.21	100.15	100.15	100.15	100.15	100.15	100.15			
Belgium (98)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
Canada (103)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
Denmark (98)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
France (98)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
Germany (98)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
Italy (98)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
Japan (98)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
UK (98)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
US (98)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (97)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (17)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (23)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (34)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (44)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (54)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (64)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (74)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (84)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (94)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (104)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (114)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (124)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (134)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (144)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (154)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (164)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (174)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (184)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (194)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (204)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (214)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (224)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (234)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (244)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (254)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (264)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (274)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (284)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (294)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (304)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (314)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (324)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (334)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (344)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (354)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (364)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (374)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (384)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (394)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (404)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (414)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (424)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (434)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	100.49	-0.5	8.44			
EUROPE (444)	175.09	5.3	172.09	115.06	100.21	100.49	-0.5	8.44	175.09	115.06	100.21	10											

NEW YORK

LONDON

FRANKFURT

Graham Bowley

TOKYO

provide an important boost to confidence". Bonds should be helped by a stable currency in the near term following the decision of the US and Japan to resume bilateral trade talks. Underlying confidence in the dollar appears fragile.

Official data released last week indicated continuing weak consumer demand, with department store and supermarket sales down 3.5 per cent year on year.

Europe endures cycle of price pressures

Year	France (%)	Italy (%)	UK (%)
1970	14.5	12.5	11.5
1975	15.5	13.5	12.5
1980	16.5	14.5	13.5
1985	17.5	15.0	14.0
1990	18.5	15.5	14.5

Open Int.	Est. Int.	Open Int.
5.50	7.45	4.80
5.85	7.55	5.10
6.27	7.61	5.40
6.68	7.61	5.70
7.15	8.00	6.30

Low Est. Int. Open Int.

03-08	382,382	314,346
02-14	46,000	111,876
01-28	1,183	36,230

Big borrowers ride out turbulence

lot of inventory out there, would not be considering issuing a large transaction at this time," he says.

The exceptionally high volatility in bond markets has left investors bruised and confused. With no clear idea of the direction the markets are taking, they prefer to be in a more heavily-traded arena such as

So who is buying? Eurobond salesmen pinpoint Swiss retail investors and wealthy individuals who have been attracted by the relatively high yield of short-dated dollar-denominated debt.

What buyers there are in the market are also being more selective; choosing to invest only in bonds issued by highly rated or well-known names. And as Mr Roger Gray, head of fixed income and currency at Rothschild Asset Management points out: "The highest quality issuers tend to be able to

However, if the sticky conditions continue, the investors who are there will fall by the wayside and borrowers might find that their funding programmes and confidence fall off with them.

**Take the uncertainty
out of investing in Commodities**

Hong Kong: Anthony Hall or Margaret Yao
Fax: +852 337 1205, Tel: +832 321 2933

Tokyo: Matthew Dillon
Fax: +81 3 3236 8327, Tel: +81 3 3236 8321

Fax this coupon to +44 71 626 6458

*Net of all fees. The February 1984 figure is subject to final audit. Past performance is no guarantee of future results. — Subject to the letters and resolutions as stated in the Prospectus. — Redemptions are made at Net Asset Value plus may be subject to redemption fees. Further details are in the Prospectus. — Prospective investors should consult their advisors regarding the significance of risk and although the return of capital solution is available (subject to the terms of the plan) the Special Letter of Confirmation from The Capital Management Bank, N.A., entered at the Maturity Date, there is no assurance of trading performance. The value of an investment may go down as well as up and movements in exchange rates between currencies may affect the value of your investment. This value of L rate is made through the Prospectus only and is not available to residents of the U.S. and citizens or residents of countries not included in the Prospectus.

M
ED&F MAN INTERNATIONAL LTD

NEW INTERNATIONAL BOND ISSUES															
Borrower	Amount in \$ mil.	Maturity	Coupon %	Price	Yield %	Leads spread to 30-day T-bill	Book runner	Borrower	Amount in \$ mil.	Maturity	Coupon %	Price	Yield %	Leads spread to 30-day T-bill	Book runner
US DOLLARS															
US TCS, Trenchard Corp.	30	Jun 2004	9(1)	101.80	-	-	LTCS International	Canada Windkash Int. Finance Co.	100	Dec 1999	8.25	99.225	8.47-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	10	Jun 2004	9(1)	101.80	-	-	LTCS International	Windkash Int. Finance Co.	50	Dec 2000	8.25	99.705	8.48-49	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	30	Jun 2004	9(1)	101.80	-	-	LTCS International	Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004	7.20	102.00	7.100	+50 (80 50)	US AHR Lohman Axt	Canada Windkash Int. Finance Co.	50	Dec 2000	8.25	99.605	8.43-48	(54.5-56) 80H	Amco Bank
US TCS, Trenchard Corp.	100	Jun 2004													

EQUITY MARKETS: This Week

NEW YORK

Frank McGurty

Data deluge will set tone for summer

In the US, the Memorial Day weekend traditionally marks the beginning of a slow season. As Wall Street gets back to work tomorrow after the three-day holiday, investors will face an avalanche of economic reports which could set the tone for the summer months.

Tuesday will bring news of personal income, consumer spending and new houses sales during April. The flow of data will intensify the next day, when the National Association of Purchasing Management will release its monthly survey of business activity. It will culminate with the Commerce Department's report on May employment, due out Friday.

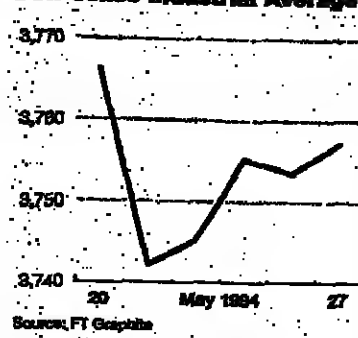
The optimistic scenario sees stocks holding up well, even if the bond market slips further. The leading indicators could show modest improvement if the data confirm expectations that the economy slowed slightly in May.

"I think we are in a phase in which most of the monthly numbers will remain subdued," says Mr James Solloway, head of equity research at Argus in New York, whose estimates are generally below those of his colleagues.

If there are surprises, however, share prices could suffer a setback in sympathy with bonds. "We are faced with a bond market which still on the defensive," Mr Solloway says. "It will stay that way until it becomes clear that monetary policy is tight enough to slow the economy."

If the NAEP index comes in at 60 or better, against a consensus forecast of 57, or if the gain in non-farm payrolls exceeds 300,000, against an expected rise of 285,000, the season may prove to be more sombre than silly. The next move by the Federal Reserve to tighter

Dow Jones Industrial Average



Source: FT Graphs

money would then loom larger.

A fortnight ago, the Fed seemed to suggest it would hold off further interest rate increases until autumn. However, then it had not made any guarantees, a point underscored on Friday by Alan Greenspan in testimony before Congress. The chairman did not spell out the Fed's intentions, but he stressed that "uncertainties regarding the economy remain".

His remarks left the bond market, already riding on a big bump caused by the Commerce Department's upward revision of its first-quarter Gross domestic product, on even shakier footing going into this week.

However, Mr Joseph McMillin, director of research at Dillon Read in New York, believes stocks will hold steady despite the data barrage. "The markets may enter a temporary period of calm," he writes in his May advisory. He argues that none of the reports this week will shed light on the impact of the Fed's series of four policy tightening. He says the effect of tighter money on the economy will not show up until at least July.

However, the analyst remains bearish. He characterises his lazy summertime scenario as the "eye of the hurricane", a period of calm in the middle of a two-phase market correction. "We continue to believe that the second leg will kick in when the end-of-the-summer inflation reports come in worst than expected."

Collapse puts chartists back in limelight

The equity chartists are back in the limelight as the community of stock market analysts struggles to find its footing again after last week's collapse swept away many of the signposts. The fall of the Footsie to 3,150 was significant, the threat of 3,000 was very worrying. Are we heading for 2,910, and how seriously should we take the chartists' warnings that the next serious support levels are around 2,850 or 2,500?

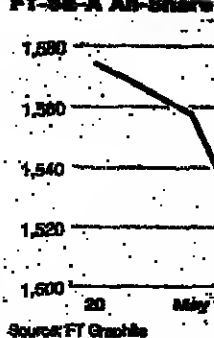
The downside argument, marshalled by Mr Nicholas Knight of Nomura Research - who has long seen the market at 2,800 - is that the failure of last week's bond auction pinpoints the probability that yields have further to rise, in the UK as well as in continental Europe. He says that rising interest rates are sinking investors' perceptions of equity value. "Therefore, the market is not getting any cheaper."

On the other hand, at Footsie 2,850, the equity yield would be around 150 basis points above expected inflation, and the yield ratio at levels last seen before the economic recovery began.

Mr Ian Earnest at Straus Turnbull, for one, finds this "an unlikely scenario". A more likely outcome, he believes, is a rising yield relative to economic growth continues, and a more stable valuation of UK equities.

None of this gave the market any protection as the stock index future contract on the Footsie plunged below 3,000. This happened several times last week - three times in one session, in fact - before the line was finally abandoned in a hurry on Friday afternoon. Given the importance of the future contract as a mechanism for portfolio

FT-SE-A All-Share



Source: FT Graphs

rebalancing, the headlong retreat from the Footsie 3,000 mark is distinctly worrying.

The sudden upset in equities underlines the wisdom of fund managers chasing the utility stocks over the past fortnight. Water stocks have outperformed by about 5.5 per cent. BZW believes the yield attraction will continue to score with investors as long as the overall equity background remains so difficult, although possible regulatory questions will resurface when the market concerns are resolved.

Consumer stocks continue to lose supporters, as price competition and sluggish personal spending undermine optimism. The market reception for Marks and Spencer's trading statement was cool.

The engineering vehicle sector was identified early as an area primed to benefit from economic recovery, but has underperformed by around 4 per cent recently. Smith New Court comments that the European car market, after a promising opening to the reporting season, is now showing little sign of overall recovery.

Lucas Industries, with a large exposure to the continental European car industry, may prove to be late in the recovery cycle, thinks Smith, although its grip on around one third of both Europe's foundation brake and diesel car systems markets augur well for 1995 and 1996.

OTHER MARKETS

ZURICH

Sandoz holds an analysts meeting in London on Thursday and, says NatWest Securities, is likely to present last week's acquisition of Gerber as part of a strategic refocusing which emphasises food and pharmaceuticals as core businesses. NatWest expects the company to hint at further acquisitions in these sectors and divestments in non-core areas.

It says that while this is likely to be well received by the market, it remains cautious following the Gerber acquisition, which brings with it little apparent synergy with the existing nutrition business.

Roche, whose certificates came under pressure after its acquisition of Syntex, has its annual general meeting tomorrow. In the insurance sector, Winterthur holds its annual news conference on Wednesday.

already-announced results tomorrow, and Zurich Insurance's annual news conference takes place on Wednesday.

AMSTERDAM
Four-month figures come from ING and KLM on Thursday. Howe Govett forecasts net attributable profit from ING up 11 per cent to Ft 400m (\$217.4m), with profit improvements coming in all lines. Results will also benefit from the absence of losses at Orion and NRC, which were still consolidated in the first quarter of 1993.

Hoare Govett expects KLM's growth in operating income to be much higher than growth in operating costs, and therefore estimates an operating loss of Ft 128m against one of Ft 268m in the same period of last year.

STOCKHOLM
The privatisation of Pharmacia, expected to raise SKr1.9bn (\$1.7bn), begins on Wednesday with domestic investors being offered 40m shares, with a further 32m earmarked for foreign investors.

Four-month figures come from Saga Petroleum on Monday. Unibank forecasts turnover down to SKr1.8bn from SKr1.9bn, and net profits of SKr205m, after SKr208m last time.

TOKYO
Last week's rally of large capital steels and heavy industry stocks suggests that liquidity in the stock market is increasing. However, many corporate and financial investors are looking to sell holdings around the 20,800 to 20,900 level. So, while activity may increase, a sharp rise to prices is unlikely.

RISK AND REWARD

Fresh challenge for users of derivatives



Just as the world's bank and financial regulators are making a heroic effort to adapt to the new challenges posed by interest rate, foreign exchange and equity derivatives, the world's bankers and broker-dealers are in the process of taking high-tech risk management to another level.

Derivatives, particularly the plain-vanilla type of interest rate swaps and options that help mitigate market risk, have become standard tools of treasury management. Once viewed as exotic, they have achieved widespread acceptance, a point underscored last week when Mr Alan Greenspan, chairman of the US Federal Reserve, asked Congress not to single out derivatives for regulatory reform.

Now, financiers are taking the applications of options and derivatives technology they've used to harness interest rate risk and applying them to another broad area of institutional exposure: credit risk.

Managing credit risk has long been the purview of bankers and provided the bread and butter of credit rating agencies. Transferring, or trading the credit risks of a particular instrument or portfolio has, until recently, been difficult or impossible. Managing credit risk required a banker to deal directly with the cash instrument in question.

Now, derivatives experts say transferring credit risk can be as easy as transferring interest rate risk using tailored instruments written by the likes of Merrill Lynch, Bankers Trust and Credit Suisse First Boston. As with interest rate derivatives, these credit risk transfer instruments break down the various aspects of credit risk, repackaging them, and make them available for an offsetting trade.

If a banker has exposure to senior corporate loans with relatively high yield and high

Laurie Morse

INDICES AT A GLANCE

	Index	Change	High	Low	Open	Close	12 months	1994	1993
FT-SE 100	2,958.40	+2.2	3,220.30	2,284.2	2,779.8	2,958.40	2,284.2	2,958.40	2,779.8
Dow Jones Ind.	3,257.14	+0.2	3,178.98	3,178.98	3,178.98	3,257.14	3,178.98	3,257.14	3,178.98
Nikkei	20,777.15	+0.4	19,321.14	19,321.14	19,321.14	20,777.15	19,321.14	20,777.15	19,321.14
Dax	2,730.96	+0.3	2,271.11	1,679.93	2,271.11	2,730.96	1,679.93	2,730.96	1,679.93
CAC 40	2,050.87	+0.3	2,355.93	1,259.89	2,355.93	2,050.87	1,259.89	2,050.87	1,259.89
Borsa Com. Ind.	730.88	+0.3	817.17	508.01	817.17	730.88	508.01	730.88	508.01

EMERGING MARKETS: This Week

The Emerging Investor / Tony Walker in Beijing

Locals bedevilled by outside distractions

Last Friday offered distinct contrasts in sentiment on China's fledgling stock markets after President Clinton announced the renewal of China's privileged trade access to the US market.

In Shanghai, particularly, but also in Shenzhen, B shares denominated in US and Hong Kong dollars for foreign ownership recovered strongly as the indices of A shares for local investors finished down in lacklustre trading.

After bottoming in April, Shanghai B's rallied this month, in line with performance elsewhere in the Pacific Basin, excluding Japan. Most foreign investors returned to the market on Friday, with a gain of 4.7 per cent, Shenzhen rising 2.6 per cent in thin trading.

However, local observers are not impressed. They note that the latest rally, which took Shanghai B shares up 12.5 per cent last week, was fuelled partly by the entry of Japanese investors into the market, but also that it follows a period of severe underperformance, with a preceding fall of 40 per cent this year.

Their scepticism is based on the poor performance of A shares, in which the bulk of trading is conducted and which have lost more than two thirds of their value since their highs in early 1993.

Investors who had hedged the markets when trading began several years ago, have

Ten best performing stocks

Stock	Country	27/5/94 \$ close	Week on week change %
Migros	Turkey	14,067.3	39.97
Birac	Turkey	0,078.8	30.56
Alarka Holding	Turkey	0,116.6	26.37
Companhia Vale do Rio Doce	Brazil	0,094.4	22.02
Semen Chibong	Indonesia	3,696.4	21.15
Cia Souza Cruz Industria	Brazil	8,205.5	18.58
Cia Petrolio de Chile	Chile	3,469.9	15.74
Companhia Saneamento	Brazil	3,579.1	14.82
Grupo Industrial Bimbo	Mexico	6,912.4	10.59
First Philippine Holding	Philipp.	3,970.3	13.26

Source: Baring Securities

been deserting stocks in droves for bonds, currencies and futures - although the latter form of investment has hit a rocky patch under the weight of tighter government regulation.

Market managers seeking an explanation for what is now a protracted downturn - the slide became a rout in the second half of last year - blame delays in the promulgation of a national securities law for the collapse of confidence.

But while it is true that slow progress towards formulating a National Securities law, now in its ninth draft, has harmed confidence, there would seem to be other more telling factors.

Among these is the psychology of the market. Impatient investors, starved of investment opportunities for so many years, plunged into equities (Shanghai opened in December, 1990 and Shenzhen in

July, 1991) without due regard for the quality of the stocks offered, or their earnings potential.

Because of the limited number on offer, shares also enjoyed a scarcity value way out of proportion to likely returns. Inevitably, stock market fever cooled after the initial burst of enthusiasm, leaving a long trail of casualties.

Indeed, hard-luck stock trading stories have become standard fare in the Chinese press. Some read like soap-opera scenes, with a surfeit of unhappy endings - including suicide.

In one case, which captured particular attention, a wife sued successfully a securities company for her husband's suicide. The hapless stock trader had jumped to his death after losing millions in margin trading.

The authorities, sensing that crumbling confidence in equities

is harming a key element of their market reforms, have sought recently to bolster the market, but this is likely to be a slow and complex process.

Measures announced earlier this month included an effective freeze until next year on new stock listings and the requirement that companies seeking listings be obliged to undergo "six-month-long coaching by relevant departments."

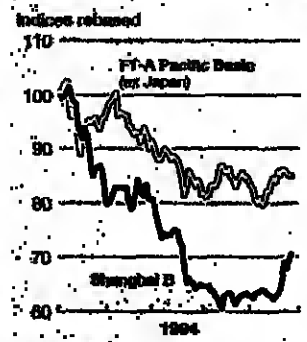
China had planned to issue some Yuan5.5bn (\$836m) of A shares in 1994, a similar figure to last year, but this is likely to have been abandoned. The freeze on A share listings will not affect B shares. The authorities are committed to adding further listings to the 42 traded on the Shanghai and Shenzhen bourses.

China's official Business Weekly yesterday quoted an official of China Securities Regulatory Commission in Beijing as saying that, in an effort to lift the market, larger surprises in energy, communications, transportation and railways would be considered for B share listings.

The authorities are also seeking to crack down on stock market abuses such as widespread insider trading and the peddling of misleading information. Enforcing the problem is the fact that companies and brokerage houses are all state-owned.

The China Securities News, a Shanghai-based publication,

China



Source: Datastream

experimental market to maturity.

With limited staff and resources, officials of the China Securities Regulatory Commission are being obliged to oversee a highly complex process that is far from immune to political interference. Not least of their problems is the artificial distinction between A and B shares.

Ideally, the distinction should be removed, but this does not seem possible until the yuan becomes freely convertible, and that process may take up to five years.

In the meantime, another option might be to allow local Chinese to purchase B shares in foreign currency, but the worry is that this would almost certainly further devastate the A share market. For China's stock regulators there are no easy choices.

News round-up

Thailand

The Stock Exchange of Thailand has agreed to lower the entry fee for four new brokerage seats from Bt350m (\$14m) to Bt305m, following vigorous complaints from the market watchdog, the Securities and Exchange Commission, and Thailand's 37 sub-brokers, writes William Barnes.

The revised fees are still much higher than the Bt200m suggested by the Commission, which has the power to insist that the charges be cut again.

The \$12m entry fee is one of the most expensive in the world: Tokyo, for example, charges \$9.5m, while Hong Kong and New York extract only a 10th of what Thailand's 40 full members expect to squeeze from newcomers.

"This is only a cosmetic reduction - the fee is still far too much. It makes the members of the exchange look very cynical," said Mr Korn Chatkavanij, managing director of Jardine Fleming Thanaikom Securities, one of the sub-brokers hoping for a seat.

Stock exchange officials say the fees are needed to develop the market and are based on the expected growth in the volume of trading over the next

five years; critics argue the members are trying to protect their higher commissions.

The SET has also signally failed to address the request of Mr Tarrin Nimmannahemndi, that it comes up with a sensible and explicit policy on admitting new members. The exchange says it will admit only four new members in two months time and merely review the situation every two years.

Three sub-brokers are strongly tipped for full membership: JF Thanaikom Securities, Ekachart Finance & Securities, and Nidhipat Capital.

Taiwan
Mr Samuel Shieh, the central bank governor, denied a television report that the central bank had bowed to political pressure and agreed to raise the ceiling for foreign investment in the island's stock market from \$7.5bn to \$20bn.

Taiwan raised the ceiling from \$5bn in March. Foreign institutions have been allowed to invest directly in Taiwan since early 1991.

Emerging markets coverage appears daily on the World Stock Markets page.

CURRENCY MARKETS

Philip Gawth

US data and Buba hold key to dollar

The dollar will again be the focus of attention when traders return to their desks tomorrow with central bank activity and US labour data likely to be foremost in their thoughts.

The dollar took a tumble last week when comments from senior Bundesbank officials left the impression that the pace of German interest rate reduction was likely to slow.

Mr Hans Tietmeyer, president of the Bundesbank, has since said that he was referring to official rates, so the repo auction on Wednesday is likely to be closely watched.

The main focus, however, will be the release of US economic data - particularly the labour market statistics on

Whether shifting interest rates will be sufficient to support the dollar must be doubtful

Friday - but also the purchasing managers' index on Wednesday.

Mr Paul Chertkow, head of global currency research at UBS in London, said that if the data supports the belief that growth in the current quarter is going to be above 4 per cent, then the market will start speculating about another

monetary tightening.

Whether shifting interest rates will be sufficient to support the dollar must be doubtful. The currency has faded recently to benefit from interest rate differentials moving substantially in its favour.

In the short term the dollar is more likely to be led by developments in Japan. The announcement last week that US-Japan trade talks would resume should have been dollar positive, but its effect was evident for less than 24 hours.

A possible wild card would be a lowering of short term interest rates by the Bank of Japan. Consumer inflation figures, released last Friday, showed infla-

tion was still very low, at only 0.8 per cent in the year to April.

Sceptics are still predicting a softer dollar. Swiss Bank Corporation, in its latest currency commentary, recommends clients to "sell US dollars for a renewed test of the historic lows." SBC says a rally to Y96-7 will not arrest the downward trend that will take the dollar to Y98-95.

In Europe attention will revert to the drachma and the escudo, both of which have been under selling pressure recently. Traders are predicting that the escudo will be in the firing line again, while the Bank of Greece's intention to lower interest rates could put the drachma under renewed pressure.

Baring Securities emerging markets indices

Index	27/5/94	Week on week movement Actual	Percent	Month on month movement Actual	Percent	Year to date movement Actual	Percent
World (264)	157.90	2.88	1.70	6.05	3.98	-10.51	-6.24
Latin America							
Argentina (18)	116.76	-1.84	-1.55	-12.06	-11.52	1.38	1.19
Brazil (21)	146.80	6.07	4.31	4.32	3.03	7.15	5.12
Chile (12)	183.57	9.44	5.42	15.84	9.45	98.03	24.42
Mexico (24)	143.01	3.64	2.57	7.52	5.47	-16.25	-10.08
Latin America (76)	143.88	3.98	2.70	8.57	6.20	-2.36	-1.58
Europe							
Greece (14)	78.74	-3.85	-4.50	-12.21	-13.28	-3.36	-4.04
Portugal (1)	112.01	-4.90	-4.19	-11.96	-9.85	-0.11	-0.10
Turkey (22)	61.04	1.62	2.73	2.71	4.64	-100.87	-62.55
Europe (50)	90.22	-3.23	-3.46	-9.13	-9.10	-22.02	-19.62
Asia							
Indonesia (20)	155.88	4.76	3.15	15.88	11.34	-15.18	-9.88
Korea (23)	190.24	-0.01	-0.01	8.20	6.72	20.54	18.72
Malaysia (22)	211.07	-0.04	-0.02	-1.81	-0.78	-41.98	-18.59
Pakistan (1)	103.80	0.21	0.20	-8.57	-7.83	-7.89	-7.06
Philippines (11)	288.95	12.78	4.61	19.29	7.19	-32.53	-10.08
Thailand (22)	232.41	10.44	4.70	22.49	10.71	-31.14	-11.82
Taiwan (38)	143.88	-4.21	-2.85	-5.41	-3.88	-10.15	-8.80
Asia (138)	198.28	1.95	0.98	5.40	2.80	-12.14	-10.45

All indices in \$ terms, January 7th 1993=100. Source: Baring Securities

[illegible][illegible]

FT

To: Gillian Hart, Financial Times [Europe] GmbH, Nibelungenplatz 3, 60318 Frankfurt/Main, Germany.
Tel. + 49 69 136 850, Tlx. 416193, Fax. + 49 69 596 4483.

SUBSCRIBE NOW AND GET THE FIRST 12 ISSUES FREE.

To: Gillian Hart, Financial Times [Europe] GmbH, Nibelungenplatz 3, 60318 Frankfurt/Main, Germany.
Tel. + 49 69 136 850. Tlx. 416193. Fax. + 49 69 596 4483.

YES, I would like to subscribe to the Financial Times, and enjoy my first 12 issues free. I will allow up to 21 days before delivery of my first copy. Please enter your subscription for 12 months at the following rate*.

Austria	ÖES 5,800	France	FRF 2,040	Netherlands	DFL 875	Sweden	SEK 3,220
Belgium	BFR 13,500	Germany	DM 750	Norway	NOK 3,230	Switzerland	SFR 710
Denmark	DKK 5,200	Italy	LIT 600,000	Portugal	ESC 60,000		
Finland	FIMK 2,200	Luxembourg	LFR 13,500	Spain	PTS 63,000		

For subscriptions in Turkey, Cyprus, Greece, Malta, please contact +32 2 513 28 16.

☐ Bill me ☐ Charge my American Express/Diners Club/Burocard/Visa Account. Expiry Date _____

☐ _____
☐ _____
☐ _____
☐ _____
☐ _____
☐ _____
☐ _____
☐ _____
☐ _____
☐ _____

* Currency rates are only valid for the country in which they are quoted. Subscription Prices are correct at time of going to press. Prices are exclusive of VAT in all EC countries except Germany and France. FT VAT No. DE114230192.

To subscribe to the FT in North America contact New York Tel 752-4868, Fax 365-3397, Far East contact Tokyo Tel 32951711, Fax 32951712.

☐ Please tick here for more information about 6 and 24 month subscription rates, or rates for a country not listed opposite:

(Please specify) _____

Name _____ Title _____

Company _____ Tel _____

Address to which I would like my Financial Times delivered: _____

VAT No. _____
 Signature _____ Date _____
No order can be placed without a signature. 62

Financial Times. Europe's Business Newspaper.

FT MANAGED FUNDS SERVICE

● FT Cyteline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 38p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT Cyteline Help Desk on 071-873 4378.

AUTHORISED

[illegible][illegible][illegible]**FT**

THE BUREAU OF NEWS

● FT Cityline Unit Trust Prices: dial 0800 430010 and key in a 5 digit code listed below. Calls are charged at 39c/minute cheap rate and 49c/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on 071-673 4378.

[illegible]

FT MANAGED FUNDS SERVICE

● FT CitiLine Unit Trust Prices: dial 0800 430010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT CitiLine Help Desk on 071-673 4378.

FT MANAGED FUNDS SERVICE

● FT CitiLine Unit Trust Prices: dial 0801 430010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT CitiLine Help Desk on 071-673 4378.

[illegible]

● FT Cityline Unit Trust Prices: dial 0800 430010 and key in a 5 digit code listed below. Calls are charged at 20c/minute (cheaper rate) and 40c/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on 071-873 4578.

[illegible]

BANKS

015711010

MEMORANDUM FOR THE NATIONAL FOOTBALL LEAGUE

EXTRACTIVE INDUSTRIES

HEALTH CARE - Cont

INVESTMENT TRUSTS - Cont.

BREWERIES

Notes

Schwarz	41N	100	-0.8	01	1.0	any	283
Schwarz DM	0278	100	-4.2	010%	-	Mar	393

Envel Gold R	08	1.0	-	-
Fluorinated R	08	1.5	0.5	0.5

Windsor G Bank	101 1/2	6.5	6.5	7	30	100
Windsor IC	101	6.5	6.5	7	30	100

1975	4002	Florida Prov Ethical	99	-2.1	-	-	29.2	-	36.5
1976	4005	Unk	99	-1.5	-	-	27.9	-	36.5

BUILDING & CONSTRUCTION

Electronics.....☐ **NO**

Electron Notes.....☒ **NO**

Apollon Marine	4M	1730d	-1.1	2.8	1.2	Feb-Jun	8.1
Ash & Lacy	4M	1730d	-1.1	2.4	1.5	Nov-May	11.4
Allen Game	4M	1730d	-1.1	2.8	1.2	Nov-Jun	10.1

Kingdom of the Netherlands	78	-12.5	-	-	-
Kingdom of the Netherlands	78	-12.5	-	-	-
Kingdom of the Netherlands	78	-12.5	-	-	-

Flame Select	<input type="checkbox"/>	95	-2.1	-	-	-
Hyd	<input checked="" type="checkbox"/>	257	0.8	0.05	0.6	Jan 3

3001	Support P	1000	1.2	3.47	Jan	48.8	18.3	47.0
3007	German Rev	1000	0.58	Jan	56.7	18.0	49.2	

BUILDING MATS. & MERCHANTS

Mikael Mar Y _____ ♀
 Ben Duvion AS

Deposited	17	38	-2.5	1.0	1.0	Oct-Jan	29.11
Withdrawals	44	85	-1.8	0.5	0.5	Mar-Aug	31.1

Down day	W	242	-2.4	6.5	6 Oct May	11
Evening	W	600	-4.3	2.7	1.4 Jan Nov	20

2008	Warrant	11	-12.4	-	-	0.0
00-00	Zero Div Pt	2	-1.5	-	-	2.5

Zero One Pkt	534	-0	-	128.6	-	1404
--------------	-----	----	---	-------	---	------

[illegible]

TRANSPORT - Cont.[illegible]

	Notes	Price	W ch
Anglo Am Ind.		22 1/2	
Barclay		8 1/2	
Gold Fields Prop R.		10 1/2	
IK Prop.		80	
ASOL		3 1/2	
LA Brown		21 1/2	
Anger Chds		8 1/2	
Angst-10/4/82		8 1/2	

[illegible]

FT Cityline
or up-to-the-second share prices for 1000 UK and 1000 US stocks. Call 071-873 4378 or 071-873 4379 for more information on FT Cityline.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------

When you stay with us - stay in touch - with your complimentary copy of the Financial Times.

FINANCIAL TIMES

ROYAL HOTEL

100

FT GUIDE TO THE WEEK

30

MONDAY

Franco-German summit

A two-day Franco-German summit begins in Mulhouse, France, between President François Mitterrand and Chancellor Helmut Kohl. They are expected to commit themselves to a common European Union programme for their consecutive presidencies over the next 12 months, beginning with the German term in July. Job creation, opening the market to eastern Europe, and making the Maastricht treaty work are key themes. They must also agree on a favoured candidate for the future presidency of the European Commission, to be finalised at the EU summit in Corfu.

Mad cow fever: European Union agriculture ministers meet in Brussels today and tomorrow to discuss farm prices and how to respond to German pressure to ban all imports of British beef because of the risk of BSE, or mad cow disease.

Crimea: An ultimatum from Ukrainian president Leonid Kravchuk (below) for the Crimean parliament to reverse its virtual declaration of independence runs out today.



On May 20, the parliament decided to adopt a separate constitution for the peninsula, whose population is more than two-thirds Russian and which was part of Russia until 1954. The move was regarded as a prelude to secession.

Ukraine has moved in national guardsmen and armoured personnel carriers, but has also opened a dialogue with Crimea's parliamentarians and sworn to eschew violence.

East Timor is the subject of a conference being held in Manila, capital of the Philippines (to June 4). The meeting, organised by private groups, is to debate Indonesia's 1976 annexation of the former Portuguese colony and alleged human-rights abuses on the island.

Telecoms ministers from the European Union meet in Brussels today to discuss among other things trans-European data highways, and a discussion paper on mobile telephones.

Croatian currency: Croatia is from today, Croatian Statehood Day, reviving the kuna, the currency used by the Nazi puppet Ustasha regime of the second world war. The kuna, which is replacing the Croatian dinar introduced at independence in 1991, will be pegged to the D-Mark at the rate of 4 kunas to 1 D-Mark.

Holidays: UK (Spring Bank Holiday), US (Memorial Day); Congress is in recess all week.

31

TUESDAY

Bank of Italy annual report

Antonio Fazio (below), the governor of the Bank of Italy, presents his annual report on the economic and financial state of the country.



Mr Fazio's statement, his second in office, is keenly awaited as the key indicator of how the bank assesses the policy options of the Berlusconi government.

The report will also be read for any hint that the bank might fear political interference from a government which does not necessarily see eye to eye with Mr Fazio and his team.

Germany's leading industry association, the Bundesverband der Deutschen Industrie, will consider the outlook for German industry at its annual assembly in Bonn. Chancellor Helmut Kohl and other leading politicians will address the gathering.

Guatemala talks: Representatives of the Guatemalan government and guerrillas meet in Oslo for peace talks (to June 4).

UK economy: The release of May's narrow money supply figures is likely to fuel debate about inflationary pressures in the UK economy. The market predicts that M0, which largely measures notes and coins in circulation, grew by 7.1 per cent in May, measured year on year, compared to 6.2 per cent in April.

Government officials point out this rise partly reflects strong retail sales and low interest rates. But with M0 growth running well above the government's target range of 0.4 per cent, a large monthly jump will intensify speculation about future monetary tightening.

Non-Aligned Movement: Foreign ministers of the Non-Aligned Movement gather in Egypt for a meeting expected to focus on the fighting in Bosnia and Rwanda and to set out plans to tackle the economic problems of developing nations. The ministers are likely to decide on whether to grant official guest status to Russia. Belgrade has been excluded from the meeting.

Light up at your peril: Today is World No Tobacco Day.

FT Surveys: German Banking and Finance and The Computer Industry: The Battle for the Desktop.

Holidays: South Africa (Republic Day).

1

WEDNESDAY

UN names pleasantest land

The United Nations Development Programme publishes its fifth annual Human Development Report, which aims to measure quality of life rather than simply economic growth. Its core is the Human Development Index, ranking 173 countries by a measure that combines life expectancy, educational standards and basic purchasing power. Canada is expected to be ranked first.

Its appearance is timed to coincide with the start of the United Nations Conference on Trade and Development at the World Bank headquarters in Washington, DC.

German economy: With the markets increasingly pessimistic about the chance of a further interest rate cut from the Bundesbank, April's output figures are likely to be watched for signs of the recession bottoming out. The markets expect to see industrial production up 0.4 per cent in April, after falling 0.8 per cent in March. Although a recent survey showed German business confidence had also risen in April, many analysts remain doubtful about the strength of any pick-up.

George Walker, former chairman and chief executive of Brent Walker, the heavily indebted leisure and property group, and Wilfred Aquilina, former group finance director, go on trial at Southwark Crown Court, south-east London, charged with conspiracy, theft of £12.5m from the company and false accounting.

Euro poll:



Europeans have become increasingly ambivalent – not to say Eurosceptic – about the goal of political and monetary union enshrined in the Maastricht treaty. Just over a week before the elections for the European parliament on June 9 and 12, an FT opinion poll across all 12 EU countries provides a wide-ranging survey of Europeans' feelings and forecasts about the future of the continent. The poll, carried out in association with seven other European newspapers, throws light on divergences in European attitudes on the widening and deepening of the EU.

D-Day anniversary: US President Bill Clinton leaves Washington for his second European trip of the year, pegged to the D-Day commemorations but with room for political business on the side. His first stop will be Italy.

Racing: The Derby is run at Epsom, south of London.

Holidays: Kenya (Madaraka Day).

2

THURSDAY

Bosnia factions at UN talks

Serb, Croat and Moslem leaders meet in Geneva for talks on a comprehensive ceasefire in Bosnia (to June 3). It is understood that the warring factions could be prepared to sign a four-month, Bosnia-wide ceasefire. This would be likely to entail interposing UN troops between the combatants, the creation of a buffer zone and withdrawal of heavy weapons. Last week, Bosnian Serb forces agreed to allow UN observers to patrol freely in the heavy weapons exclusion zone around the Moslem town of Gorazde in eastern Bosnia.

Chambers of Commerce: About 500 executives gather in Birmingham for the British Chambers of Commerce annual conference (to June 3).

The main concern is the impact on profitability of outside factors such as the environment, finance and, of course, government. European and economic policy. Speakers include foreign secretary Douglas Hurd and secretary of state for trade and industry Michael Heseltine (above).

Education: John Patten, UK education secretary, risks humiliation when he addresses the annual conference of the National Association of Head Teachers at Eastbourne today. Last year, he was booed, hissed and heckled at the conference, which coincided with the height of the controversy over national curriculum tests. A year later, there are signs of increasing anger among heads over new requirements for teaching religious education, while the indications are that only marginally more tests were taken in secondary schools this year.

Children's rights: Romanian government hosts a conference in Bucharest with UN and Save the Children.

India: bank staff plan two-day strike.

FT Surveys: Belgium and Foreign Exchange.

Belgium's political and business leaders are regaining their confidence after a year in which the prime objective was to ride out the country's worst recession for 60 years.

Cricket: England plays New Zealand in the first Test at Trent Bridge (to June 6).

Holidays: Austria, Brazil, Chile, parts of Germany, Portugal (Corpus Christi).



June 4 is the fifth anniversary of the Tiananmen massacre

3

FRIDAY

FDP annual conference

Germany's ailing Free Democratic Party gathers in Rostock, on the Baltic coast, where Klaus Kinkel, party leader and foreign minister, will try to revive his troops. The party is in danger of failing to win any seats in the European elections on June 12, and ending up too weak in October's general election to perform its traditional role of king-maker in the ruling coalition.

World Environment Day sees the UK hosting a conference on the United Nations environment programme at the Queen Elizabeth II Conference Centre in London. The Global 500 environmental awards will be presented.

Lloyd Bentsen, US Treasury secretary will deliver "a major policy speech" at a lunch hosted by the Confederation of British Industry in London. It will touch on world trade, foreign investment in the US and current US economic policy.

D-Day anniversary: US president Bill Clinton in Italy to meet the Berlusconi government and Pope John Paul, and attend commemorations of the Anzio and Nettuno allied landings during the second world war.

4-5

WEEKEND

OAS general assembly

The 34 members of the Organisation of American States gather on Sunday in the northern Brazilian city of Belém (to June 10). On the agenda are democracy and human rights, environmental issues, drugs and the region's economy.

Inhuman rites: A protest March leaves Oxford on Saturday for nearby Campfield detention centre, where would-be immigrants can be held indefinitely while it is decided whether they have a right to enter the UK.

Motor racing: Isle of Man Tourist Trophy races start (to June 10).

Rugby: England play South Africa in the first test in Pretoria on Saturday.

The Royal Academy of Art's summer exhibition opens (to Aug 14).

Bill Clinton visits the UK. On Saturday, he visits a US military cemetery in Cambridge, then lunches at Chequers with John Major, before a state banquet hosted by the Queen. On Sunday, the US president reviews the D-Day flotilla from the Royal Yacht.

Compiled by Patrick Stiles and Ian Holdsworth. Fax: (+44) (0)71 873 3194.

ECONOMIC DIARY

Other economic news

Tuesday: With the dollar still weak, attention will focus on this week's spate of US industrial and monetary data. Figures published today are expected to show a slight drop in personal consumption in April, but little change in consumer confidence in May.

Wednesday: In the UK, the purchasing managers' index is likely to provide further evidence of recovery. Last month, it rose to its highest level ever. Another strong figure would suggest the pick-up in manufacturing continued into May.

Thursday: Speculation about French interest rates will be raised when the Bank of France holds its council meeting. Although the Bundesbank's failure to cut rates last week suggests that the French authorities will also sit tight, some analysts believe a small monetary easing, of around 10 basis points, is possible.

Friday: A flood of US data will shed further light on the strength of the US recovery. The May non-farm payroll is expected to show a small rise, with a larger rise in the manufacturing pay roll. But home completion and car sales figures are expected to remain flat.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	Japan	Apr industrial production†	-2.5%	4.6%
May 30	Japan	Apr shipments†	-	4.8%
Tue	Japan	Apr unemployment rate	2.9%	2.9%
May 31	Japan	Apr job offers to seekers ratio	0.65	0.66
	Japan	Mar coincident index	90.0%	40.0%
	Japan	Mar leading diffusion index	90.9%	45.0%
	Japan	Apr construction orders**	-	-15.0%
	Japan	Apr housing starts**	6.2%	-0.7%
	Japan	Apr construction starts**	-	-4.1%
	UK	May M0*	0.3%	1.8%
	UK	May M0**	7.1%	6.2%
	UK	May CIPM (purch mngs) survey	-	58.0%
	US	Apr personal income	0.5%	0.6%
	US	Apr personal consump expenditure	0.4%	0.4%
	US	Apr new home sales	738,000	738,000
	US	May consumer confidence	91.7	81.7
	US	May Chicago NAPM†	-	67.8%
	US	Johnson Redbook - w/e May 28	-	-2.7%
	US	May agriculture prices	-	-1.4%
Wed	Japan	May auto sales**	-	-6.8%
June 1	Japan	May foreign exchange reserves*	-	2.8%
	US	May NAPM index	57.5%	57.7%
	US	Apr construction spending	0.8%	0.8%
Thursday	UK	May official reserves	\$25m	\$19m
June 2	US	Initial claims, w/e May 28	-	366,000

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
	US	State benefits, w/e May 21	-	2,606,000
	US	Apr leading indicators	0.7%	0.7%
	US	Apr factory orders	-	1.1%
	US	Apr factory inventories	-	-0.1%
	US	M1 - w/e May 23	\$2.3bn	\$1.0bn
	US	M2 - w/e May 23	\$1.0bn	\$2.9bn
	US	M3 - w/e May 23	\$2.3bn	\$0.1bn
	US	Q1 industrial cap utilisation	-	78.7%
Friday	UK	Apr final money data	-	n/a
June 3	US	May hourly earnings	0.3%	0.3%
	US	May average workweek	-	84.7
	US	May nonfarm payroll	275,000	267,000
	US	May manufacturing payrolls	15,000	3,000
	US	May unemployment rate	6.4%	6.4%
	US	Apr home completions	-	1.25m
	US	May domestic auto sales	7.3m	7.4m
	US	May domestic light truck sales	5.7m	5.7m
During the week...				
	Germany	Apr ICON construction climate	n/a	82
	Germany	Apr import prices*	0.3%	-0.4%
	Germany	Apr import prices**	0.3%	0.8%
	Germany	Apr industrial production*	0.4%	-0.8%
	Germany	Apr manufacturing output*	0.5%	-1.6%
	Germany	Apr manufacturing orders*	0.7%	2.9%
*month on month **year on year †seasonally adj ‡not s.e.			Statistics, MMS International	

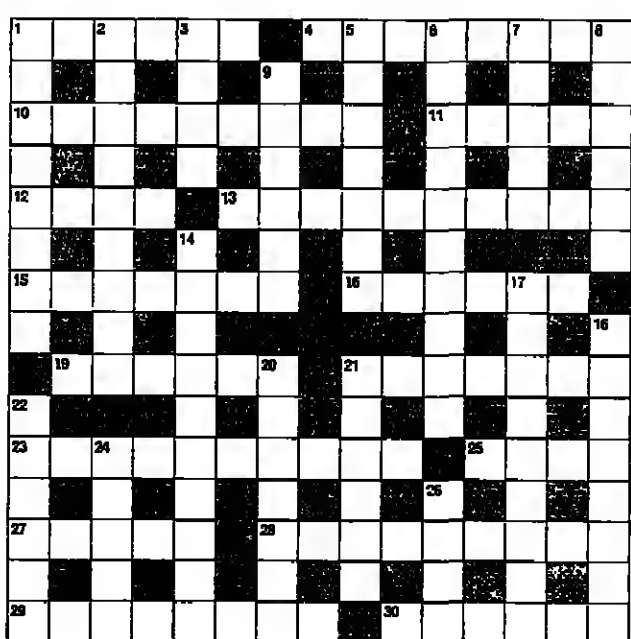
*month on month **year on year †seasonally adj ‡not s.a. Statistics, MMS International.

ACROSS

- Nurse has had luck in Kent (6)
- Caustic point might make the accountant object (8)
- Understand to have run off after consumption led to indignation (9)
- Speak badly of transport in a European context (5)
- Read about how expensive it is (4)
- Knit made in merino's skein (10)
- Unsteady dog (7)
- Leading Tory managed the church like a dream (6)
- In part, the way ahead for Mercury, perhaps (6)
- In extreme generosity Lawrence left dozens on dozens (7)
- Or had so few opted for look at the future? (10)
- Show disapproval of British mistake (4)
- Picture of a Middle Eastern shell company (5)
- Exotic spice in new diet is killing the termites (8)
- Note the communist is prevented from leaving (6)
- Unexcitable way of telephoning about nil spill (6)

DOWN

- He'd get into cryptic clues programme (8)
- Larch scattered outside a standard area of brushwood (9)
- Not in time to meet the French at the Centre (4)
- Argue about price - it contains a wrong figure (7)
- He always has the last word in foreign exchange (10)
- Alumni return having lost a thousand on the plant (6)
- People to fear at present time? (6)
- Drink up to the woman drug dealer (6)
- Lorelei is such a jewel (10)
- Coppers to call for imprisonment (9)
- Staple food is dearer by default (3-5)
- A priest disposed in trudge along (7)
- Bird's complaint (5)
- Two fellows caught out outside a little wood (6)
- Send the right item off (5)
- Fog on two roads (4)

MONDAY PRIZE CROSSWORD
No.8.466 Set by ADAMANT

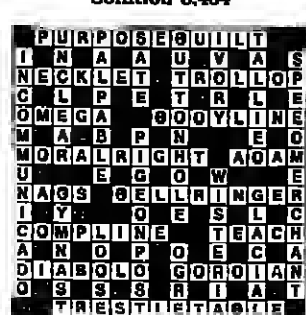
A prize of a Pelikan New Classic 300 fountain pen for the first correct solution opened and five runner-up prizes of 135 Pelikan vouchers will be awarded. Solutions by Thursday June 9, marked Monday Crossword 8.466 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8UL. Solution on Monday June 13.

Name: _____
Address: _____

Winners 8.454

Lucy James, Bourville, Birmingham
Mrs M. Broadbent, Fontainebleau, France
D.A. Herbert, Leicester
R.D. Kinn, Borge, Kirkcudbright
T.L. Richardson, London SW1
M. Thomas, Bath, Avon

Solution 8.454



If you need connections in Asia, talk to a local.



We fly 42 times weekly from Europe to Singapore connecting with over 300 flights to Asia, Australia and New Zealand. All aboard the world's most modern fleet, with inflight service even other airlines talk about.

SINGAPORE AIRLINES

Of breaking and jobbing the Pelikan's fond, see how sweetly he puts your word onto bond.

Pelikan

JOTTER PAD